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Latin America

FBIS-LAT-95-167
Tuesday
29 August 1995

Daily Report
Latin America

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Cuba

Foreign Minister Interviewed on Various Topics

PA2908034395 Havana PRENSA LATINA in Spanish 0910 GMT 28 Aug 95

["Exclusive" interview with Foreign Minister Roberto Robaina by BOHEMIA magazine reporter Nestor Nunez; place, date not given: "Dialogue With Roberto Robaina: We Want To Continue Existing Our Way"]

[FBIS Translated Text]*Cuban-style chat on 1,001 topics. I begin by admitting my faults. I was one of those who had doubts. Was he perhaps a conservative [filon]? Did it turn out to be the wrong perception about a faraway and alien world? Or was it perhaps the fear that he would not fit within a context that is perceived as rigid, cold, and even elite? What sort of a diplomat could emerge from a young man that not so long ago was organizing mass festivals, bicycle events during the summer, and youth work brigades?*

The real thing, nonetheless, surfaced at the end.

With his long hair, his eternal black pullover, the moccasins and no socks, his wristwatch with a loose band that slips up and down his forearm at the rhythm of his restless hands, and a bracelet in his right hand, Roberto Robaina would be the same one if he were standing in line at the "Coppelia" ice cream parlor or chasing a metrobus on G Street as he is at the United Nations or speaking with a foreign president. I do not think he has another face or another way of being or doing things before the Politburo than he has before those of us who received him one of these hot summer afternoons.

He does not consider himself a "new style foreign minister," but at least he is a different foreign minister. Perhaps he has not set a style in the diplomatic world, but he does not absorb the cold appearance of that world.

Robaina is none other than a Cuban with a tremendous responsibility. According to two Belgian academicians who are our friends, as a good Cuban, Robaina speaks and convinces anyone with the inflection of his voice, the broad use of his hands, the thousands of gestures he makes with his face in a matter of seconds, and the constant restlessness of his eyes. That is why you people, these two comrades added, reach the hearts of people faster and better than with the formal and rational message that is fabricated in other parts of the world. "That is very kind of them, but setting aside all jingoism, that is the truth."

Roberto Robaina, the diplomat, must nourish himself, however, with what the people he represents think, feel, and say. That is basic to him. Sitting in front of me, in the main office of the magazine, he agrees to talk about anything that comes to our minds with the condition that the answers will be indiscreet and that there are no better interlocutors for a difficult and thorny issue than those who are on the same side:

[Nunez] Could you forecast when the internal conflict in the United States regarding Cuba will come to an end?

[Robaina] I would say that to predict the end is very complicated when the conditions under which this debate is taking place are constantly changing. I am not referring to 30 or 20 years ago. I am simply going to speak about what happened just a few months ago. Among other things, I think the Americans are starting to reach their own conclusions, and I do not think any Congress— although we have no evidence that is the criteria of the Congress— or certain Congressmen of the extreme right with their actions are capable of confusing much longer the people who are discovering by themselves that Cuba does not represent any threat whatsoever to the tranquility of the United States.

The Americans are beginning to discover how we really are, with our virtues and defects, and at the same time, we are discovering also the Americans and their Congress with its virtues and defects and that they have Congressmen and "Congressmen." I do not believe the ultraright has a scenario favorable to its plans, because it is marching against civilization, dialogue, and plurality in a country that, contradictorily, thinks it is the king of freedom. In the long term, I would say that in the current debate, we Cubans are more pluralist than the U.S. Congressmen of the extreme right.

End of the Blockade: A Challenge

[Nunez] Would an end to the blockade against Cuba be a challenge for the island or an end to its problems?

[Robaina] I believe the end of the blockade is a challenge. I do not think it means an end to national problems because I do not believe lifting the blockade will automatically resolve all Cuban problems. Ending it would make it easier for us to face the tough conditions to which we have to relate in a world that has changed substantially. It would resolve a heap of problems that are very tough on the country, but it would make discussion and analysis much more complex and difficult, because the blockade would also mean discussion and the meeting of cultures, the meeting of values. One would also have to have more complicated discussions.

[Nunez] Would this imply a reinforcement of our patriotism and feeling of nationalism?

[Robaina] Yes, I believe we need to uphold the feelings of belonging to Cuba, which Cuba wants to continue maintaining in this world, in a world in which capitalist feelings and ideals prevail over everything else, feelings and ideals that are sought to be presented as models, neoliberal models that are sought to be presented as perfect but are models that for Cubans mean something that does not offer the alternatives we believe poor people deserve. As for this capitalism and neoliberal world that is sought to be presented as grandiose, the only thing it has taught Cubans is that the rich become richer and the poor poorer in those societies.

I believe as valid any project which continues to defend what is Cuban, which, above everything else, continues to delve into what is patriotic, our values, showing that Cuba would like to insert itself into the world, with its own culture. Culture is our fatherland; culture is dignity; culture is the nation; culture is the many things made Cuban style. Culture is the many things that are born here, that are conceived and developed here with sufficient plurality and broadness so that any place can be visited or a visit received from anywhere, and that it be clearly known that one is talking with Cuba. That is how we want to continue existing, our way.

[Nunez] How do you perceive the balance of forces within Cuban emigration?

[Robaina] I believe the silent segment of the Cuban community abroad is far greater than the reactionary and noisy segment. I believe the noisy group is smaller, has money in its favor, political careers, businesses, and sounds much louder, because its political career, converted to business, is beginning to enter into a crisis. The great silent segment, in my opinion, is beginning to express itself and to reach its own conclusions, because it has become tired with an extreme right telling them what to do. It has become tired of packing and unpacking for a fictitious return. It has become tired of not being allowed to participate in a policy. I believe these new conditions have made it possible to reach a path of communication because this segment is characterized by its extreme hostility, and we have not been interested in ideological affiliation as a condition. We have not asked Cubans abroad how they think politically, and then establish a relationship with Cuba. We respect them, and they respect us, and that is the only rule in the bilateral links.

A Path of Changes

[Nunez] Cuba is undergoing economic changes. What is going on in the political arena?

[Robaina] I believe it is a mistake to think there are no connections between political reforms and economic reforms and vice versa. It is my personal opinion that nothing we do today in the economic field ceases from being political and that nothing we do in politics has an economic impact. [sentence as received] Therefore, if we talk about politics, I believe there is nothing more important than embarking on a path of such economic changes as the current changes in which the guidelines for foreign investments will be set, in which there is a leading self-employment, in which the use of hard currency has been legalized, in which land is handed in usufruct, and in which the state's central administration is simplified. Thinking that all of these things in Cuba pertain to economic matters only implies not being down to earth. Thinking that the policies toward the Cuban community living abroad are an economic measure is being unaware of this country's reality.

Now, if political changes, according to certain people, mean renouncing the socialist path and if this is the path for which we are waiting, then it must be known that we are unwilling to agree with these reforms. I insist on voicing something that makes perfect sense locally, but I do not know whether it makes sense abroad: A long time ago, Cuba took a freedom and independence test and got an A, and it has no intention whatsoever of retaking the test.

[Nunez] What features do you attribute to Cuban socialism?

[Robaina] The most important thing for me is to do it based on Cuban foundations and for it to continue being Cuban above anything else. This definition means it has something to do with our culture, our history, our traditions, our problems, our surroundings, and our contradictions, with the issues we have resolved and with those we must yet resolve. If I had to define a fundamental feature, however, it would be a socialism resembling our people. Our people are simple, honest, modest, brave, loyal, colorful, Cuban, and criollos.

The OAS Is Not Our Priority

[Nunez] Argentina will be the site of the next Ibero-American Summit. What does Cuba expect from this summit?

[Robaina] Cuba refuses to wait. It wants to do something so that not many people will have to wait, because, in my opinion, we have been waiting a long time for something to happen. So far, everything boils down to intentions, but people want actions. Cuba refuses to evaluate from the outside; it wants to evaluate from the inside. To do so, it is important for Latin Americans to understand the significance of meeting without having the call of the powerful nation [barrio]. I believe having this opportunity and not taking advantage of it would be something for which people would not forgive us. Latin American families need to know so that the presidents will meet. They do not need long and well written statements. Instead, they want to know that Latin America is more united by the day in the economic, social, and cultural arenas. This is where we want to go.

[Nunez] What are the virtues and threats of the OAS position on Cuba?

[Robaina] Certain people want to include this debate on the Cuban domestic agenda, and I must say it is not our priority. We were unfairly expelled from the OAS, and, if at the time we left to avoid impositions, the Cuban conglomerate does not admit them or accept them in order to return given the current conditions. I believe that, in any case, this is an issue for the agendas of the Latin American governments, which must decide whether they accept Cuba as it is. I really do not believe anyone is able to tell us to change in order to be readmitted. This point must be quite clear.

The virtues of the OAS meeting lie in the fact that several governments from the area voiced their interest in having Cuba's presence in the current integrating process. Meanwhile, the meeting's negative and dangerous side lies in the attempt to establish that in order to make this integration a reality, the island must follow certain agenda, something which does not differ from what our enemies are demanding as conditions to be accepted. I believe if we talk in a pluralistic fashion, we all must admit one another as we are; otherwise, we cannot talk about pluralism.

We Do Not Shy Away From Any Scene

[Nunez] Would Cuba accept being part of the hemispheric free trade zone outlined at the Miami summit?

[Robaina] Cuba was even asked if it would agree to go to Miami and replied that it would never shy away from any scene, however adverse it may be. We have a very clear position regarding any economic integration and the Miami summit with its hemispheric market: What is useful for Latin America will be useful for Cubans even when we are not present, and much better if we are present.

Now, if to participate implies that we need to pass some sort of entrance exam, we have many other universities where we can take exams. Cuba does not want to depend economically on a single market or on a single product. Diversity is security against any collapse.

[Nunez] The next summit of the Nonaligned Movement [NAM] will be held in Colombia. What challenges does this conglomerate face?

[Robaina] I believe today's challenges facing NAM are tougher than ever. If NAM played an important role when the world was bipolar, it has to deal with much more far-reaching actions in a unipolar world, although regrettably it is not prepared for it. I think the rich reach agreements far more quickly than the poor.

Notwithstanding the fact that Indonesia took the path to strengthen NAM, Latin America, and especially Colombia, has also assumed the role to strengthen it, and I believe we cannot waste the opportunity we have in this part of the world to do something for underdeveloped countries, something which will allow, for example, the voice of the poor in the United Nations to have the same strength as that of the rich. We need to get the South to be the ones to say many things to the North and not the other way around, and that within the South we help each other, cooperate with one another and together try and erase our extreme poverty.

[Nunez] What about the United Nations? On its 50th birthday it seems more like a battle camp than a body for integration.

[Robaina] I must say here that for many, Cuba means hope and, therefore, our diplomacy is the diplomacy of hope. We want to trust the United Nations; we want for the United Nations to play the role of its original charter, and it still has much to do for nations to be united. Cuba does not want to criticize it from outside. Cuba wants to be inside and work from within. Cuba would like the United Nations to speak of different things rather than humanitarian interventions, peace maintenance operations, preventive diplomacy, and restoring democracy. Cuba would like to speak of more edifying projects and to discuss why if there are funds for blue helmets there are none for bread and milk.

Cuba, Lebanon Sign Public Health Agreement

PA2908042295 Havana PRENSA LATINA in Spanish 0106 GMT 29 Aug 95

[FBIS Translated Text] Havana, 28 Aug (PL) — In Havana today, Cuban Vice President Carlos Lage spotlighted an increase in Cuban-Lebanese trade relations in the last two years, particularly in trading sugar for petroleum.

Shortly after Cuba and Lebanon signed a public health agreement, Lage told the local press the exchange at this time is extending to other areas, and to this effect, he recalled a recent trip to the island by a business mission representing various sectors from that Arab nation.

The high-ranking Cuban official praised the official visit to Cuba of Lebanese Public Health Minister Marwan Hamadi, which is the highest-ranking Lebanese Government mission that has traveled to Havana in the last 20 years.

I believe our relations with the Arab peoples have always been very close, and we feel there are possibilities that these may improve all the time, he said.

The agreement, signed by Marwan Hamadi and Cuban Public Health Minister Carlos Dotres, is evidence of the strengthening of bilateral relations and includes scientific and technical exchange, a nursing staff provision, and the export of medical and pharmaceutical products from Havana.

More on Agreement

FL2908014995 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Aug 95

[Interview with Health Minister Carlos Dotres by reporter Eva Alvarez from the "Exclusive" program — recorded]

[FBIS Translated Text] [Alvarez] Today a cooperation agreement was signed by the Cuban and Lebanese Health Ministries. Dr. Dotres, what can you tell me about this agreement?

[Dotres] The agreement contemplates an exchange of professionals, among other things. Lebanon wants to hire Cuban health sector workers, particularly nurses, and bring Lebanese patients to be treated in Cuba. In addition, Lebanon is interested in buying Cuban medicine and biotechnology, and Cuba wants to purchase some Lebanese health-related products, too. Biotechnology and technical and scientific exchanges are soon to become a reality.

[Alvarez] Will a Cuban health delegation visit Lebanon?

[Dotres] Yes. A timetable has been created to comply with the accord we signed today, which includes the visit of a Cuban Public Health Ministry delegation to Lebanon in November to continue the process of medicine patenting and other issues upon which we agreed. [end recording]

Culture Minister Holds Talks With Vietnamese Counterpart

PA2808235595 Havana PRENSA LATINA in Spanish 1041 GMT 28 Aug 95

[FBIS Translated Text] Hanoi, 28 Aug (PL) — Cuba will prevail in the battle to preserve its ethical and revolutionary principles despite its current difficulties, Cuban Culture Minister Armando Hart stated here today.

It is true that we are living in times of ideological confusion, in which some basic moral tenets have been lost in the West, said Hart during the initial session of official talks with the Vietnamese Government.

It has been argued that the ideas of socialism and the hopes for progress have been lost; consequently, we should persist in the battle to preserve our ethical and revolutionary principles, he emphasized.

Hart met today with his Vietnamese counterpart Tran Hoan as part of his agenda in that country, where he arrived yesterday at the head of the Cuban delegation that will attend the ceremonies to commemorate the 50th anniversary of Vietnam's foundation.

In the 1990's, the ideological struggle has become much more complex, as it has lost the characteristics that distinguished it in the preceding decades; our enemies have taken hold of many of our banners, he noted.

Before, it was white or black: socialism or capitalism, while [sentence incomplete as received].

Concerning Cuba's relations with Vietnam, the head of the Cuban delegation stressed that, in more than 30 years of relations, these ties have reflected an historic sequence of mutual understanding and solidarity "without as much as a ripple throughout those three decades."

Meanwhile, the Vietnamese culture minister reaffirmed the principles of traditional friendship between the two peoples and countries, and said that it is an honor to have a Cuban delegation attend the celebrations to commemorate the 50th anniversary of his country's independence.

We consider Cubans our dearest friends and very much regret your current hardships. At the same time, we greatly recognize and admire your strength and courage in light of those difficulties, Hoan pointed out.

All our experiences are at your disposal, including our experiences in the area of culture, and particularly, with regard to our battle on this front, he said.

In addition to Hart, Jose A. Orta, international relations director of the Cuban Culture Ministry; Cuban Ambassador to Vietnam Tania Maceira; and other Cuban officials and diplomats are in the Cuban delegation.

Agreement on Health Renewed With Mexican Official

PA2808222895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Aug 95

[Report by Gloria Ugas; from the "NTV Newscast"]

[FBIS Translated Text] The letter of intent signed today by Public Health Minister Carlos Dotres and Genaro Borrego, director of the Mexican Social Security Institute, will renew the 1987 agreement between Cuba and Mexico in the areas of health and social security, which has since expired. The final agreement to be approved at the government level will include the branches of pharmaceuticals and technology, assistance on primary care, and human resources training.

Dotres noted the importance of these new agreements for Cuba and Mexico. Borrego, in turn, was thankful for the hospitality and kindness of the Public Health Ministry and the State Committee for Labor and Social Security. Borrego expressed his admiration for the development Cuba has reached in these areas and his satisfaction for the productive visit.

Mexican Social Security Director Comments on Visit

FL2908011995 Havana Radio Progreso Network in Spanish 1100 GMT 28 Aug 95

[From the "First Thing" program]

[FBIS Translated Text] Among the most important visitors to Cuba in the last few days was Genaro Borrego Estrada, director of the Mexican Social Security Institute. Cuban Public Health Minister Carlos Dotres bid Borrego farewell when he concluded his visit yesterday.

Borrego commented on his visit for our "First Thing" program:

[Begin Borrego recording] Our visit has been very fruitful. We have signed a letter of intent as a commitment to renewing the 1987 agreement between the Cuban Ministry of Labor and Social Security and the Mexican Social Security Institute. Our countries have agreed to update this agreement to strengthen our family-medicine-based health care systems, with which Cuba and Mexico have relatively similar experience.

[Unidentified speaker] Did you visit any Cuban medical facilities?

[Borrego] Yes, of course. I visited an outpatient facility and a family doctor center — where there was also a nurse — which were integrated into the community. I also visited Havana City's main hospital, at which we observed the high quality and technological excellence with which medical services are rendered. These have a great similarity to our facilities in Mexico.

We have established a commitment to mutual support. I also visited the biotechnological and genetic engineering center. All in all, Cuba has reached a high scientific level, which is beneficial to Cuba, and we hope beneficial to Latin America. During this visit, I became aware of the important scientific and technological breakthroughs you have made, as well as the development of the pharmaceutical industry, from which our social security system can benefit. We can obtain sufficient quality supplies at lower costs. We also established contacts with the Labor and Social Security Ministry and exchanged information and experiences regarding our pension systems. We established a commitment to support all types of data processing, statistics control, and pension-coverage periods so that, from the systems and administrative point of view, all of these things can be modernized. [end recording]

Vice Minister on Commission Meeting With Colombia 31 Aug

PA2808235895 Havana Radio Havana Cuba in Spanish 0000 GMT 27 Aug 95

[Report by Marianela Samper from the "Evening Information Review" newscast]

[FBIS Translated Text] The second meeting of the Mixed Intergovernmental Commission for Economic, Scientific, Technical, and Education Cooperation between Cuba and Colombia will be held in Santa Fe de Bogota on 31 August. Participants at the meeting will review compliance with the accords made at the previous meeting, held in Havana 18 months ago, and will also analyze new topics so as to give continuity to bilateral relations. Raul Taladrid, vice foreign investment and economic cooperation minister, has remarked on certain topics of the established agenda:

[Begin recording] [Taladrid] A great deal of progress has been made from the institutional viewpoint, from the viewpoint of agreements between both governments. Many agreements have been signed creating the juridical and institutional basis for cooperation. In addition, great progress has been made in the field of business relations, the exchange of delegations of businessmen, and relations with Colombia's Proexpo [Exports Promotion Fund] to promote commercial and economic exchange between Cuba and Colombia. We will continue working in various areas.

The diversity of mutual interests included in this meeting is very broad. It ranges from such issues as health, the export of Cuban medicine to Colombia, which is part of the debt compensation mechanism, scientific and technical issues, educational issues, etc. to promoting Colombian investments in Cuba and developing commercial and economic ties between both nations.

[Samper] What are the new topics that could be underscored?

[Taladrid] In agriculture, for instance, there has been talk of incorporating.... [pauses] which was already done. A Colombian delegation visited Cuba recently to monitor our program with the World Food Program, the project we have with the World Food Program in Las Tunas Province involving milk production, as well as to exchange mutual experiences. There are also issues of mutual interest for exchange in the field of agriculture and agricultural biotechnology, which may be incorporated onto the agenda. [end recording]

Taladrid added that among Colombian businessmen, there is a great deal of interest to develop their investments in Cuba. He has said these possibilities will be augmented with the new investment bill deputies are discussing here in Cuba.

Venezuela Seen as Benefiting Most From ACS

PA2808153995 Havana PRENSA LATINA in Spanish 0827 GMT 26 Aug 95

[By Luis Manuel Arce: "Caribbean Summit Feedback"]

[FBIS Translated Text] Caracas [dateline as received] — If there was one country that benefitted most from the recent summit of the Association of Caribbean States [ACS], that country was Venezuela, for many reasons of a national, strategic, personal, and social nature.

President Rafael Caldera returned to his country from Port-of-Spain happy and full enthusiasm. First, because he met there with Cuban President Fidel Castro, with whom he brushed away rough spots and founded a very promising bilateral relationship.

Referring to his Cuban counterpart, the Venezuelan chief of state said that bilateral relations are perfectly normal and at their best level. This was a very pleasing statement, made in sincere reciprocity to a statement the revolutionary leader had made highly praising him.

Caldera caused another important surprise by announcing in the capital of Trinidad and Tobago that Guyanese President Cheddi Jagan is prepared to reinitiate negotiations on Venezuela's claim over the 159,500 square km in the Essequibo River basin.

This territory has been under dispute since 1899, when a judicial ruling in Paris, which was objected to by Venezuela, gave Great Britain sovereignty over this extensive territory, which was then integrated into what was then British Guyana.

Ever since then, the Venezuelans had presented this claim at various international forums, until 1970 when it was agreed, on this occasion with an independent Guyana, to freeze the controversy for 12 years, but no solution emerged.

The United Nations appointed Allister McIntyre to be in charge of seeking an understanding between the two countries, but this did not work either, and Venezuelan-Guyanese relations, although not as tense as they had been in the past, were not very good either.

In this context, the chiefs of state of the two countries made expressions of good will. Then Jagan, surprisingly, spread the news that he would spend his summer vacation on the island of Margarita, a Venezuelan tourist center in the Caribbean.

Jagan's signal produced effects. It was interpreted as a reiteration of the Guyanese president's interest in having, beyond protocol commitments resulting from past agreements or positions, a private meeting with his Venezuelan counterpart and neighbor.

The ACS summit was an ideal scene for achieving this objective, to the point that Caldera did not wait to return to Caracas to declare in Port-of-Spain that for the first time in almost 30 years, since the Geneva Agreement, Guyana had admitted that negotiations should take place.

Jagan was not as explicit, broad, or euphoric, but his brief statement "new ideas are being considered to resolve the conflict" produced a very positive effect in Caracas.

The summit meeting and the intense diplomatic activities carried out by Caldera and his delegation convinced his team that the Caribbean basin is much more important that what they had thought and that Venezuela is being called to play a major role in the region's economic and political future.

The new 200-mile maritime jurisdiction gives Venezuela access to 5,500 km of Caribbean waters and turns that country into a huge sea wall from where you can see approximately 20 countries, from Cuba, the farthest away, to Trinidad and Tobago, countries on which Caracas can and should exert much economic influence.

Venezuela possesses 311 keys and cays in the Caribbean and the Atlantic. The most remote of these cays, Isla de Aves, 650 km from Caracas, encompasses 390,000 square km of sea, more than half of Venezuela's total exclusive economic zone, which is 670,000 km.

Nothing is under way there yet, but whatever is done, as well as all construction plans, must necessarily consider subregional integration. This was one of the key messages of the meeting, and Venezuela is well aware of this.

To make good things better, the first secretary general of the ACS is a Venezuelan, Simon Molina Duarte, who apparently is aware of the challenges he will be facing.

Molina Duarte is not very well known. Perhaps this is in his favor. He is a former official of the Andean Pact and the Venezuelan Foreign Trade Institute. His record shows he is an integration expert, which is what most interests the ACS countries.

The secretary general has unabashedly described his election as a merit Venezuela earned because of the decisive role it played in the creation of the ACS.

In addition to this declaration of faith to his fatherland, Molina clearly said he considers an expanded Caribbean region — from Mexico to Suriname, including Cuba — as an alternative or, rather, as a common platform, to the Miami summit proposal of turning the entire Western hemisphere into a free trade region. Havana was excluded from the Miami summit.

The new leader is not afraid of challenges. Had I been offered this post two years ago, I would not have accepted it because of the creation of big free trade blocs, the transformation of GATT into the World Trade Organization, and the treaty between the United States, Canada, and Mexico, Molina said.

But now there are possibilities for a completely different integration, even if the Caribbean is the most dispersed region of the continent, having large countries with very developed economies as well as countries with very small economies.

Molina presents himself as a practical man, with his feet on the ground. He has said: My secretariat will operate with a modest budget. A group of experts will work to create greater intra- and extra-regional trade without wasting efforts on big analyses that already have been made, but dedicating themselves to active projects, he said.

Regarding Cuba, he was very clear: Cuba uses hard currency in its trade, pays for its imports with dollars, and exports products to many Caribbean countries. He added: This is a fact, and the ACS respects the people's right to self-determination. He noted: This is not a political forum but an organization to promote cooperation between coutnries, regardless of differences in economic and political systems.

With regard to U.S. obstacles, such as the blockade on Cuba and the prohibition that kept Puerto Rico from joining the ACS, Molina was emphatic:

"If we have to trade with Puerto Rico in spite of its ties with the United States, we will do it. The same goes for the Netherlands Antilles and the French domains.

"We expect to have direct ties with the United States through Puerto Rico and the Virgin Islands when these two states decide to participate and the bilateral problem with Cuba is resolved. They (the United States) have reestablished relations with Vietnam, why not do it with Cuba?"

Another result favorable to Venezuela was this latter issue. Pedro Rosello, governor of Puerto Rico, arrived in Caracas for an official visit a few days before the Port-of-Spain conference.

No one failed to notice that Washington's envoy had come to lobby against Cuba's presence at the summit, to which the U.S. Government had objected, but its intentions crashed against the hard wall of reality.

Venezuela is beginning to see the Caribbean as a key element of its diplomacy and geostrategic policy. Its interest on what now, with the incorporation of El Salvador and Suriname to the bloc, is known as the expanded Caribbean, is very important. Very few doubt that with its huge wealth potential, that country will be called upon to play a leading role in the region.

Undoubtedly, the ACS summit has been very satisfactory for the government of President Rafael Caldera.

Alarcon Views Foreign Investment Draft Bill

PA2808220295 Havana Radio Havana Cuba in Spanish 0000 GMT 27 Aug 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Parliament will analyze, beginning on 4 September, the Foreign Investment Draft Bill, which has been improved in the last few days with contributions from deputies in separate meetings and by an evaluation of recommendations made by the Economic, Constitutional, and Juridical Affairs Commissions.

In a meeting with local journalists in Havana, Ricardo Alarcon, president of the National Assembly of the People's Government, said that the Cuban Foreign Investment Draft Bill is much more flexible and transparent than similar legislation existing in other countries.

Alarcon indicated that the document the parliament will discuss offers many more facilities to prospective investors in all areas, and even establishes a deadline for the process since the request is made until a response is given. The draft bill includes guarantees to foreign investors, investment areas, banking and taxation systems, protection of the environment, labor relations, real estate property, and free zones.

Government To Introduce Speedier Financing Mechanisms

PA2808222195 Havana PRENSA LATINA in Spanish 2357 GMT 26 Aug 95

[FBIS Translated Text] Havana, 26 Aug (PL) — Cuban Economy and Planning Minister Jose Luis Rodriguez announced today that speedier financing mechanisms will be created as part of the restructuring of the banking system.

In a session of the Provincial Assembly of the People's Government (a government organ) in centrally located Villa Clara, the minister said that the changes will lessen excessive centralization and will encourage greater control of audits and inspections.

When referring to the current situation and Cuban economic prospects, Rodriguez said that it is essential to increase sugar production and cover foreign credits, "which is achieved as the country shows a better standing."

In this regard he recalled that the island's GDP reached a 0.7 percent growth rate in 1994 compared to the previous year, and that this year the increase is expected to round off to 2 percent.

The official pointed out that the fact that the 1989 level was not reached —the year that preceded the beginning of the crisis caused by the collapse of Europe's socialist states — means that there will be no substantial short-term increase in the people's consumption.

He added that a take off in production, such as nickel, will mean in the long run that more needs will be satisfied because it will allow purchases of goods abroad, among other results.

Rodriguez said that as of September the state supply will increase to the farming and livestock markets, which were recently introduced to diversify the sale of products and collect excess money in circulation, which last year amounted to 12 billion pesos (the same amount in dollars at the official exchange rate).

An increased state presence will have its first effect in Havana City provinces and in the eastern province of Santiago de Cuba, according to an AGENCIA DE INFORMACION NACIONAL dispatch.

The economy and planning minister disclosed that currently 43 percent of salesmen of industrial articles are private and that the self-employed add up to 200,000, which will increase, he said, in view of the lack of further state employment.

Pedro Ross Discusses Labor Mobilization

FL2808181295

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1155 GMT on 28 August, during its regularly scheduled "Doing Radio" program, carries a live studio discussion between Pedro Ross Leal, secretary general of the Cuban Workers Federation; Felix Fernando Garrido, program host; and correspondents Eloy Concepcion and Renato Recio.

Garrido opens by saying that the discussion on the agricultural work force's mobilization continues. Garrido points out that Ross had stressed the importance of all workers "fulfilling their tasks, doing everything in an organized manner, and that the mobilization needed to have thoughtful minds involved to organize the work force." Garrido points out that he is concerned with the quality of the work being done. He adds: "I am concerned about the seeds not being used correctly, that there is a lack of people controlling this out on the fields, and about incorrect planting methods."

Concepcion agrees with Garrido, but he adds that in past sugarcane harvests things were much worse and now things have definitely improved. Concepcion refers to the current work force's mobilization and says that "the current mobilization involves over 200,000 oxen teams in the miscellaneous crops sector and 50,000 oxen team drivers in the sugarcane sector." He points out that these are highly specialized workers and that the mobilization has been well thought out.

Recio interrupts Concepcion, saying that the mobilization means more than just sending nonspecialized workers to the agricultural sector. He cites a TRABAJADORES newspaper editorial which highlighted the importance of specialized sugarcane workers and referred to them as "decisive" in the harvest efforts. Recio points out that Holguin and Villa Clara Provinces have advanced a great deal in involving their specialized work force in the harvest efforts. Recio highlights the importance of mobilizing the right type of personnel for each and every harvest task. Recio points out that another important aspect of the harvest is the replanting effort.

Ross states: "Of course Renato, when planting is done with quality then we will not have to do any replanting at all! These large replanting campaigns are a consequence of the bad work done previously. Yesterday, in a Radio Rebelde interview, Alfredo Menendez referred to this issue. He is well aware of Cuba's agricultural efforts."

Recio agrees with Ross and points out that now there is a new element in this issue, regarding the quality of work. He says: "The basic cooperative production unit workers' are aware that their economic interests and their prestige — as producers — goes hand in hand with the quality of their work."

With regard to this, Ross states: "When the workers become identified with their work [chuckles] the quality levels will increase, as never before. Truly, this will underscore not only the basic cooperative production unit workers' efforts but also the quality of the work done at the basic cooperative production units themselves."

Garrido points out that each basic cooperative production unit has specialized workers for each and every task.

Ross states: "Exactly Garrido, that is why we have insisted that the units' own work force ....[changes thought] From a personal and economical — their daily economy — point of view, the ones who are to be the most concerned are the basic cooperative production unit workers, agricultural-livestock cooperative workers, individual farmers, and the farm workers. Look here, the Youth Labor Army [EJT] has an important number of farms throughout Cuba and they have been providing an important example of how to carry out quality work and efficient use of resources. I think that amidst a mobilization such as the one at hand, we should refer to this organization that is so involved in sugarcane and food production efforts. I think the EJT is an example of what can be done, what should be done, and how things should be done in the agricultural sector.

"Renato, you mentioned something very important. In the editorial, we pointed out that a work force, such as the construction brigades, were to be decisive in the forthcoming mobilization. The construction brigades have an existing organization and structure and they are used to being mobilized because a construction worker works at one site today and at another tomorrow. They move from one province to another. They are used to this type of hard work, therefore, they immediately assimilate the hard work involved in agriculture. Their bosses are mobilized along with the workers. Their political and union organizations are also mobilized along with them. They have important resources which can be used at this time when we need a collective effort from everyone. As the editorial points out, the party's directives are very important. The party is at the helm of such an extraordinary mobilization, involving so many resources and so much simultaneous effort. All of this needs to have political direction and the party is providing it."

Garrido then introduces a live relay with correspondent Jesus Diaz Loyola, from Matanzas Province. Loyola comments on the province's sugarcane and food production efforts. During the relay, Loyola presents a taped interview with Orestes Matos, the Agriculture Ministry's representative in Matanzas Province. Matos stresses that currently efforts are aimed at fulfilling the province's winter sugarcane planting and harvest production goals.

After having heard the information from Matanzas Province, Garrido points out that Concepcion has something to say. Concepcion stresses that Matanzas is an important province and that they are "on the right track because they fulfilled the sugarcane spring planting program." Concepcion says that he is convinced that Matanzas, Villa Clara, Camaguey, Ciego de Avila, Las Tunas Provinces are increasing their efforts and therefore their production results as well. Concepcion adds that Cuba "needs" these provinces to return to the productive results of yesteryear.

Ross adds: "I agree with your opinion. Now, we must concentrate on September's mobilization. I say this because everything that we want will depend on what is done during September. I agree, Matanzas is on the right track. Matanzas Province has the capacity to produce 1 million metric tons of sugar during the harvest, therefore, they should recover — go back to — those results and to do so, the winter planting campaign is essential."

Loyola underlines Ross's words by saying that Matanzas does have the capacity to produce 1 million metric tons of sugar and that this should be done "at any cost."

Ross states: "The work done in Matanzas — involving weeding and planting — in July was outstanding. Together with Holguin and other provinces, it was at the forefront in that period. What we need is for that to continue now. The other is already past. Now we are talking about September. Matanzas plants other crops as well. Matanzas' tuber and vegetable production is decisive, along with Havana Province's production. Havana Province, we have not heard anything about Havana Province here today."

Garrido points out that Ross has other commitments and that the discussion must end.

Ross states: "I would have liked to have spoken with Havana Province. Havana Province is very important because it is decisive in Cuba's food production program. Havana Province produces almost 30 percent of Cuba's food supply."

Garrido says that this could be left for a future program. To this Ross says: "OK [preceding word in English], thank you very much. I think it would be good for Radio Rebelde to continue with the mobilization issue, how the work force is used, and the final results of the mobilization."

Garrido asks about the mobilization's current stage.

Ross answers: "The mobilization is being readied. It is being readied. Preparations are aimed at selecting the work force that has to be mobilized, creating the proper work conditions for the workers, and informing those who will be mobilized."

Garrido asks: "When is it going to start?" Ross replies: "Well, where it is needed and from this very minute. We do not have to wait for the first day of next month. We are talking about September but, there are many things that can be done in August. There are still two days left in August and every day is important. We cannot waste a single day."

Recio points out that "one day in September is like a week in other months".

Ross intercedes: "Exactly, Renato."

Garrido thanks Ross for his thoughts on the program.

Workers Repair Railroad Tracks for Sugar Cane Harvest

PA2608170995 Havana Radio Rebelde Network in Spanish 1700 GMT 25 Aug 95

[Report by Fernando Sanchez from the "National Radio News" newscast]

[FBIS Translated Text] The repair of the railroad tracks is one of the main tasks shouldered in Ciego de Avila to ready for next sugar cane harvest. Our reporter, Fernando Sanchez, has the details of this story:

[Begin Sanchez recording] The task is strenuous because most of the 700 km in railroad tracks, which the Minaz [Ministry of Sugar Industry] has here, are on wooden sleepers that are deteriorated by time, use, and lack of systematic maintenance. Thus, several Ciego de Avila sugar cane complexes have work brigades exclusively assigned to the making of sleepers from wood obtained in nearby forests. The goal is to make approximately 80,000 sleepers. The aforementioned sleepers, and a similar amount of concrete supports, will be used by the province during the current preparatory phase.

There were more than 800 derailments here due to the bad conditions of the lines during the previous sugar cane harvest. The province cannot allow such a situation to continue because it is striving to increase its sugar production considerably during the forthcoming season. [end recording]

Weather Conditions Delay Sugarcane Planting in Cienfuegos

PA2808222295 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Aug 95

[Report by Manuel Varela Perez; from the "National Radio News" newscast]

[FBIS Translated Text] We have a report from Cienfuegos by Manuel Varela Perez, who says cleanup work in sugarcane fields is going well in that province, but there are serious delays in planting, which endanger future programs.

The manual cleanup of the sugarcane fields is going well. According to the latest report released by the Minaz [Sugar Industry Ministry], more than 14,300 caballerias were cleaned up, 110 percent of the accumulated work [acumulado].

As for the replanting of the crop, which could contribute to an increase in the volumes of raw materials for the next harvest, 2,325 caballerias of sprouts were rehabilitated.

As for the planting work, it has been hurt by the weather conditions, and officials are concerned about the situation in the territory because the planting stage is already behind schedule by some 200 caballerias. A total of 400 caballerias were not planted in the spring, which complicates the province's program.

Panel Discusses Need To Increase Sugarcane Work Force

FL2508154395

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1600 GMT on 24 August carries its regularly scheduled "Straight Talk" program, with host Osvaldo Rodriguez and guest Julio Garcia Luis from TRABAJADORES newspaper.

Rodriguez opens by emphasizing the need to increase the size of the work force in the sugarcane sector, noting the apparent contradiction between ongoing efforts to cut work rosters and re-locate workers, and the quest to increase the sugarcane work force by some 40,000 workers. Luis replies that "unemployment in Cuba is highly relative; there are too few workers on one side, and too many on the other." Rodriguez explains that the current methods of addressing the shortage — worker mobilization and labor camps — are not the ultimate answer because they "have been costly."

Luis points out that sugarcane production has been reorganized into sugarcane Basic Cooperative Production Units [UBPC], which must be profitable and financially self sufficient. Luis stresses that the persistent need to employ mobilized workers because of insufficient work force within continues to be a drain on UBPC profitability nationwide. Rodriguez expresses his opinion that "the Sugar Industry Ministry as a whole has not made a serious, consistent effort to try to maintain the rural work force," noting the ongoing housing shortage and lack of services. Rodriguez points out that although services have improved in rural areas, workers still tend to be drawn to the cities in search of jobs, making it "very difficult to fill the 40,000 job openings." Luis acknowledges that the sugarcane sector lags behind in social services and describes plans to increase cement production at the Carlos Marx factory to meet UBPC housing demands. Luis stresses the sugarcane UBPCs "enormous potential for wealth" and describes them as one of the "greatest reserves of employment and well-being the nation has."

Luis describes the situation in Camajuani Municipality in Villa Clara, as "an x-ray picture of our problem," explaining there are 3,000 unemployed workers, but the three sugarcane complexes and 17 sugarcane UBPCs are 2,648 workers short. Rodriguez and Luis discuss the importance of economic incentives to motivate workers. Luis praises Luis Perez UBPC at the new Batalla de Santa Clara mill for increasing their membership this year, noting the "gradual growth in membership" in all UBPCs.

Rodriguez and Luis question the wisdom of locating new mills in Batalla de Santa Clara and Granma close to sugarcane fields but far from the work force. Rodriguez states "it is easier to transport the sugarcane a little farther than transport a large group of workers a long way." Luis stresses it is important for all UBPCs members to bring in more workers. Luis and Rodriguez discuss the housing situation, noting different conditions exist in different areas. Luis explains that increasing the work force should be resolved by the workers themselves.

Luis further states UBPC members should become "active agents" in the effort to increase the work force by 40,000. Rodriguez and Luis concur that conditions are currently more favorable than ever due to size of the pool of available workers. Luis additionally submits that "these entities are improving; they are planting more, they will increase earnings. Members have a chance of very high earnings, possibly more than you or I earn, and they deserve it." Luis further submits that beyond a job and income, workers could get a house in the near future, and they would be able to shop at the sugarcane workers' stores. Luis explains that "all the most needed and scarce items are sold there such as cooking oil, soap, shampoo, and such...at prices comparable to the dollar stores." Luis adds that electric appliances, and foodstuffs such as meat and grains are also sold in the stores. He explains the stores may be an incentive for people to go to work in the sugarcane industry, highlighting that the right to shop in the stores is a well deserved privilege.

Luis and Rodriguez stress the importance of linking the worker to an area for maximizing efficiency and productivity. Rodriguez closes on an upbeat note expressing confidence that with the efforts of the UBPC members the 40,000 jobs in the sugarcane sector will be filled.

National Revolutionary Police Crack Crime Ring

FL2608142195 Havana Radio Rebelde Network in Spanish 0900 GMT 26 Aug 95

[From the "Doing Radio" program]

[FBIS Translated Text] In Havana City, the National Revolutionary Police [PNR] solved several cases involving breaking and entry and robbery of a structure as part of their ongoing struggle against crime.

During a press conference, it was announced that three cases known as Pintao, Ninja, and Gato had been solved and 10 people had been arrested, most of whom had no documents, were unemployed, and carried out their crimes in areas of De la Mar, Guanabo, and Repart Guiteras.

Lieutenant Juan Garrido, head of the PNR's provincial first operational unit in Havana City, stated that the people involved had committed a total of 101 crimes — of which there was proof — and through their unscrupulous behavior had stolen bicycles, clothing, jewels, money, and appliances. Garrido pointed out that the stolen goods were later sold near the Cuatro Caminos farmers market. This was discovered through investigative work. Garrido added that these people, currently under arrest, could be sentenced with up to 12 years of imprisonment due to the magnitude of the crimes. Garrido stated that fines had been imposed totaling three times the value of the stolen goods — identified during the investigation — who had received the stolen goods. These people were from Santiago de Cuba and Guantanamo Provinces.

Investigates Illegal Gasoline Sales

FL2608142895 Havana Radio Rebelde Network in Spanish 1155 GMT 26 Aug 95

[From the "Doing Radio" program]

[FBIS Translated Text] Whether it is called stealing or illegal sale of gasoline and whether it happens in

Havana City or anyplace else, it is a crime. However, there is something being done about it. Proof of this is that in Matanzas Province, Heriberto Batista Marrero was sentenced to one year and seven months of imprisonment. When arrested, Batista was found to have 3.5 tonnes of gasoline.

This was the outcome of an investigation carried out by the National Revolutionary Police [PNR] on 15 August. The gasoline was discovered during a search of the Majagua farm, belonging to Batista's parents, which is situated at kilometer 99 on the National Highway in Union de Reyes Municipality. The PNR confiscated eight 55 gallon tanks and two other tanks — 180 and 140 liters — completely full of gasoline, thus making a total of 3,400 liters of fuel [figures as received]

Based on this, Batista was tried for the crime of speculation and hoarding, as expressed in the current penal law dealing with crimes against the economy, article 230. Notwithstanding the crime's magnitude and in use of his judicial rights, Batista has presented an appeal, thus proving that our penal laws are indulgent. In only four days, the PNR in Union de Reyes Municipality and the municipal people's court completed the investigation regarding the illegal gasoline, however, the gasoline's origin is still being investigated.

Housing Situation in Granma, Havana City Noted

PA2508172395 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Aug 95

[Report by Alcides Garcia and Susana Tesoro from the "National Radio News" newscast]

[FBIS Translated Text] [Unidentified announcer] When Granma Province began its housing project in 1987, it was hoped a level of satisfaction of 82 percent would be reached for the needs of this populace, but only 50 percent of this goal has been met after eight years, according to what journalist Alcides Garcia says.

[Garcia] One of the factors behind this situation is that construction levels are below population growth. Undoubtedly, the appearance of the special period and the nonuse of alternative materials was what has prevented the construction of the 123,500 houses planned up to 1995, and only 11.2 percent were built instead. Granma's existent housing totals 216,062 units, 21 percent of which are described as being poor in state, and increasing deterioration is observed, a point that is especially worse in rural areas.

The province held first place last year nationally when it built 2,051 new homes, but only 953 this year have been built up to this date. The best solution is to increase the production of alternate materials, because the housing situation is still critical, not only in Granma but in the entire country.

[Announcer] A place to live. Nearly one fourth of humanity lives in conditions of extreme poverty. The imperious need to live under a decent roof is undoubtedly one of the big problems of today's world. We will conform ourselves [words indistinct] because of this, because, as the saying goes, to the wretched it is a consolation to have companions in misery. Journalist Susana Tesoro reports.

[Tesoro] It is reckoned that 40 percent of the country's borderline housing is concentrated in Havana City, where there are still some 60 slums [barrios] and unhealthy areas with more than 60,000 families living in rooms poor in condition. According to studies by the overall development study group in the capital, 100,000 of these homes need to be replaced while 400,000 can be kept and refurbished.

If this were not enough, as is well known, several buildings collapsed in the capital only two months ago, and it was necessary to take emergency measures even though a policy already existed for the gradual elimination of these unhealthy slums. The policy included, among other formulas, the request by the capital's administration to various state organizations throughout the country to relinquish certain underused premises to be outfitted as homes.

At the beginning of July, the capital's government already had a significant amount of these underused buildings, in which modest apartments are being built to alleviate the situation not only for those affected by the buildings that collapsed recently but for the many guests of shelters who are still waiting for a house.

The decision to take advantage of all idle or underused space— for example, offices, stores, or other facilities— and to convert them into homes is a policy that is human more than being intelligent and economical and, if done strictly, may be of an unlimited benefit for residents in the capital and should be taken into account for the entire country.

Correction to Castro News Conference

PA2408122695

The following correction pertains to the item headlined "Castro Speaks at News Conference in Trinidad," published in the 24 August Latin America DAILY REPORT, page 4:

Column one, paragraph one, make sourceline read: Havana Cubavision Internacional Television in Spanish 0035 GMT 23 Aug 95...(correcting source)

Correction to Sugarcane Planting in Santiago de Cuba

PA2508223295

The following correction pertains to the item headlined "Sugarcane Planting in Santiago de Cuba, Holquin Provinces," published in the 25 August Latin America DAILY REPORT, page 10:

Column two, first paragraph, last sentence, make read: ...are behind in tilling the land, and a bit...(correcting phrasing for clarity)

Haiti

More on Electoral Council's Runoff Announcements

PA2808214695 Port-au-Prince Signal FM Radio in French 1030 GMT 28 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] Topping the news: The runoff election campaign officially gets under way today, in accordance with the Provisional Electoral Council [CEP] timetable. The 1995 legislative and municipal runoffs will end on 30 September with the publication of the results. Candidates authorized to participate in the runoffs will have about two weeks to present their political platforms to Haitian voters. The CEP will also publish today the list of Communal Section Administration Councils entitled to participate in the runoffs. This list was not integrated into that of senators and deputies published on 25 August. CEP officials also plan to produce and distribute ballots 28 August-10 September.

[Signal FM reports during the same newscast: "The CEP has announced that elections in five districts of three geographic departments will be reorganized. CEP Secretary General Marie-Laurence Jocelyn Lassegue issued a notice on 26 August stating that elections will be reorganized in the following districts:

["Department of the West/Second District/Fond Verrettes and Ganthier;

["Department of the West/Third District/Cornillon;

["Artibonite Department/Third District/Ennery;

["Grand'Anse Department/First District/Corail-Roseaux.

["It should be noted that 44 candidates for deputies under the banner of political parties such as the National Front for Change and Democracy, the National Congress of Democratic Movements, Nationalist Progressive Revolutionary Party of Haiti, Union of Democratic Patriots, Assembly of Progressive National Democrats, and so on should participate in these elections. Nevertheless, the CEP informs the concerned candidates that they will not be able to participate in the second ballot as the elections will be reorganized in their districts."]

Movement Protests State University Privatization Plans

PA2808220495 Port-au-Prince Signal FM Radio in French 1030 GMT 28 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] Haiti State University professors and students will gather in front of the Teachers Training School [TTS] this morning to protest the university's privatization plan. Senatus Bernard, a member of the TTS board of directors, said during a telephone interview that a large crowd is expected to gather to protest the plan:

[Begin Bernard recording, in Creole] A large crowd will gather outside the TTS at 0800, including professors, students, and all those interested in university life [words indistinct] of the gathering is to protest the plan and to ask Buteau to cancel it. The crowd will also ask the rectorate not to participate in this symposium under the conditions in which it is being held. [passage omitted] [end recording]

[Signal FM reports during the same newscast: "A symposium on higher education in Haiti will be held 29-31 August. The movement uniting Haiti State University components fears moves to privatize the university. The symposium will attract representatives of the 11 faculties forming the Haiti State University and of 56 private institutions nationwide. Professor Didier Dominique, a spokesman for the movement, notes that the mere fact that the private sector has been invited to participate in the discussions proves that some officials want to privatize the state university, thereby violating the laws governing higher education in Haiti."]

Secretary Rejects Multinational Forces To Combat Drugs

PA2608180295 Mexico City NOTIMEX in Spanish 0320 GMT 26 Aug 95

[FBIS Translated Text] Mexico City, 25 Aug (NOTIMEX) — Mexico rejected today the establishment of multinational forces to combat drug trafficking to prevent their use as a pretext "for undesirable meddling in countries," Mexican Foreign Secretary Jose Angel Gurria said.

The foreign relations secretary pointed out during a news conference that Mexico thinks that drug trafficking should be combated in each country as it sees fit.

At the conclusion of the first meeting of the Mexico-Honduras Binational Commission, Gurria noted that drug trafficking is a global problem, and to destroy it the countries must work with international cooperation, intelligence, and exchanges of information.

He said that to reinforce international cooperation it is by no means necessary to establish multinational forces. Gurria added that information on drug trafficking, such as money laundering and gun running, must be expanded.

Each nation, he said, is combating the drug-trafficking problem in keeping its possibilities and the reality it faces.

Meanwhile, Honduran Foreign Minister Delmer Urbizo assured that Central America, with its own means, cannot establish an organizational structure to combat drug trafficking without international cooperation, because it has limited resources.

This is why, he added, the region is very important for drug traffickers who use it as a "bridge" to send drugs to the United States.

Regarding migratory matters, the Mexican foreign secretary pointed out that Mexico is making efforts to avoid making the same mistakes with Central Americans that it claims the United States is making with regard to human rights violations.

He condemned the xenophobic and anti-American attitude of certain U.S. places and assured that the international community voiced its support to Mexico and its concern that the basic rights of migrants are not respected in that country.

Gurria said that in this regard, Honduras and Mexico have signed development projects and agreements to combat the migration [transito] of human beings, who often sacrifice their lives in search of better conditions that never materialize.

The Honduran foreign minister believes that migration is "a structural problem," and thus, he assured that it will be impossible to stop this problem as long as rich countries do not strengthen the economies of the poor.

Gurria, Honduran Foreign Minister on Drug Trafficking

PA2708164895 Mexico City XEW Television Network in Spanish 0430 GMT 26 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The first binational Mexican-Honduran meeting began today in Mexico City.

During a news conference at the Foreign Secretariat, Foreign Secretary Jose Angel Gurria said that multinational forces to fight drug trafficking should not be developed.

[Begin Gurria recording] Mexico's position is very simple. The problem is in fact global, and there is the need to fight it with reinforced international cooperation. It is, however, the responsibility of each country to handle the problem within its own borders. [end recording]

Honduran Foreign Minister Delmer Urbizo said the problem of drug trafficking should be faced at a national level.

[Begin Urbizo recording, broadcast in progress] ...between the providers and drug dealers, and also the repression of money- laundering activities. [end recording]

Gurria added that another way of cooperation is through training, which is needed for modernization. Finally, both foreign ministers signed the final document on the first Mexican-Honduran binational meeting.

Cooperation Agreements Reached With Chile

PA2408233995 Mexico City NOTIMEX in Spanish 0916 GMT 23 Aug 95

[FBIS Translated Text] Mexico City, 23 Aug (NOTIMEX) — Mexico's support to Chile for its recent entry into the Asian-Pacific cooperation mechanism was made evident at the end of the meeting between the Mexican-Chilean joint commissions.

During the second meeting held by the Technical and Scientific Cooperation Joint Commission and the Educational and Cultural Cooperation Joint Commission on 21 and 22 August, there were agreements in all the areas included in the talks.

The agreement will favorably influence the strengthening of bilateral relations, which the two delegations described as excellent.

Mexico's support for Chile in the current negotiations for the Andean nation's entry into NAFTA was evident during the meetings.

Javier Trevino Cantu, Mexican foreign relations under secretary for international cooperation, and Mariano Fernandez, Chilean deputy foreign minister, headed the meetings.

The Mexican Foreign Secretariat reported that, in technical and scientific cooperation matters, 65 new projects were discussed to be implemented within the framework of the 2d Cooperation Program during the 1995-1997 biannual period.

The secretariat stated that the projects will be mutually supported to ensure that they will be complied with. Among the issues discussed environmental protection, the rational use of natural resources, and training and attention to Indian communities stand out.

The issues of small- and mid-scale companies, mining production, the fight against desertification, and the development of arid areas were especially addressed in order to take advantage of the experience the two countries have.

Regarding educational and cultural cooperation, the Foreign Secretariat stated that 72 projects in the fields of art, culture, and education were approved.

The secretariat pointed to the special interest in developing and extending the scholarship programs and bilateral exchange in radio, television, and films through plans of coproduction, visual arts, music, theater, ballet, literature, and editorial cooperation.

PRD Issues Appeal for National Dialogue To Solve Crisis

PA2808235995 Mexico City NOTIMEX in Spanish 0112 GMT 28 Aug 95

[FBIS Translated Text] Oaxtepec, 28 Aug (NOTIMEX) — The opposition Party of the Democratic Revolution (PRD) issued an appeal to social and political groups and the government today, urging them to begin a national dialogue which allows the country to solve the economic crisis.

Upon conclusion of its Third National Congress, held at this resort in Morelos State, located in the central part of the country, PRD Secretary General Mario Saucedo Perez emphasized the need to advance toward a consolidation of democracy.

Amid the shouts of "unity, unity" from delegates attending the congress, Saucedo said Mexican unity is necessary to solve all national problems.

Therefore, it is necessary to sponsor a great social, patriotic, and democratic movement that strives for sovereignty and national defense.

The secretary general said his party will carry out the necessary reforms in its statutes before year's end to adapt its organizational structure and improve its internal decisionmaking system.

He added: The next step will be to debate and discuss the PRD's proposal with the people.

During his speech, former PRD presidential candidate Cuauhtemoc Cardenas urged the Zapatist National Liberation Army (EZLN) to join and participate in the country's civilian life.

Likewise, he stated his hopes that definite negotiations will be carried out soon to guarantee a durable and stable peace in Chiapas, a state in southeastern Mexico.

Reviewing his party's Third National Congress, Cardenas Solorzano termed it positive because his organization has resumed its pledges and political guidelines.

In statements to the media, he denied the party will conclude the event with internal rifts, and he explained that different positions will always exist in any organization; adding that unanimous and unconditional positions cannot be found anywhere.

He said: The important thing about the congress which began on Friday and concluded on Sunday is that the PRD has found a way to strengthen its internal unity, beyond maintaining respect for dissidents or those who do not agree with a majority guideline.

El Barzon Leaders Willing To Negotiate on Debtors Proposal

PA2708224395 Mexico City Radio Red Network in Spanish 0000 GMT 25 Aug 95

[Report by Gustavo Diaz; from "The Night Monitor" newscast]

[FBIS Translated Text] On Thursday, El Barzon leaders commented on measures announced yesterday — which you heard yesterday on this program, live and direct from the Los Pinos presidential residence — by Mexican bankers and the Finance Secretariat. Faced with this situation, Mr. Alfonso Ramirez Cuellar, one of the leaders of El Barzon, made the following comments — as reported by Jorge Diaz.

[Begin recording] [Ramirez Cuellar] Our struggle is not a struggle of debtors or of drug peddlers. It is the struggle of productive sectors that are bankrupt and have absolutely no incentives to produce and or to make our companies profitable. This program will immediately miscarry, or perhaps be stillborn, if no integral proposal is presented.

As was mentioned here, the decision was unilateral. We have never been consulted. We accept it as a proposal to be analyzed, and we are willing to enter into negotiations regarding this proposal. That is why we call on the administration and the bankers to meet and discuss the proposal they have made.

[Diaz] El Barzon will begin a number of consultations among its members and with the country's bankers to analyze the measures announced before the president of the Republic and to lessen the burden of debtors so that they may be able to repay their loans. Barzonist leader Alfonso Ramirez Cuellar said that at this moment they can define the measures on the overdue portfolio as demagogic, and with political, not economic aims.

Ramirez Cuellar emphasized that the subsidy that will be used to reduce interest rates will be paid by the contributors. The Barzon leader said, textually, that here, or in China, this was deceptive. Ramirez Cuellar reiterated that they will not accept unilateral decisions because bankers and debtors are participating in this conflict, especially the Barzonists.

The Barzonists also announced a number of mobilizations in Chiapas, Monterrey, Guadalajara, and Mexico City in order to get a consensus of its member and make a counterproposal to the bankers.

Ramirez Cuellar said, ironically, that this problem could have been solved in January 1995. Now they come up with this announcement, and the bankers put on sheep's clothing and want to appear as the good guys in the movie. [end recording]

EZLN Leader Marcos Issues Communique on Referendum

PA2708042095 Madrid EFE in Spanish
0057 GMT 27 Aug 95

[FBIS Translated Text] Mexico City, 26 Aug (EFE) — The rebel Zapatist National Liberation Army (EZLN) described the initiative of carrying out a national referendum [consulta nacional] on the future of the armed organization as a demonstration of political will.

In a communique issued today by EZLN leader "Subcommander Marcos," he says that far from resorting to arms, the Zapatists have insisted on a dialogue to seek the transition to democracy in Mexico.

"The country's democratization is the only possible way to emerge from the political, economic, and social crisis that shakes the nation; the referendum is the ratification of the EZLN's will for a dignified and fair peace."

"Marcos" stated that amid "obvious signs of transfer to fascism, the Zapatist Army reiterates its summons for democratization efforts by the entire Mexican political and social spectrum, to achieve in-depth changes."

A new political culture is emerging in Mexico, he said, and this is not coming from the government or from political parties, and not from the the EZLN either, because it is a great popular movement, with varied social composition.

The Zapatist Army "has already committed itself, since the summons, to listen to the voice of the Mexican people in the referendum and follow through according to results."

He added that the Zapatists will respond to government violence with an inclusive summons for a search for a fair and dignified peace.

He urged every sector of Mexican society to participate in what he described as "an effort toward peace and democracy" and to come to express their opinion on the six questions regarding the EZLN's political future and its prospects as an organization.

"We have learned to speak and to listen, to move along without exclusions, to respect the different levels and beliefs, not to impose our ideas, and not to decree obedience to history, but above all, to admit and correct our mistakes," said "Marcos."

Civic Alliance Notes 'Minor' EZLN Poll Irregularities

PA2808022495 Madrid EFE in Spanish
2338 GMT 27 Aug 95

[FBIS Translated Text] Mexico City, 27 Aug (EFE) — Civic Alliance, the group in charge of organizing the National Referendum convoked by the Zapatist guerrillas, has reported that today there were minor anomalies and incidents.

The group said that in Huimanguilla Municipality, in southeast Tabasco State, there were charges that polling table officials were subjected to harassment and arbitrary behavior.

The group said that in that town, a group of policemen aboard official vehicles visited polling tables and questioned people in charge, and a policeman arrested a citizen participating in the referendum.

In the town of Putla de Guerrero, in the southern state of Oaxaca, a soldier interrogated people participating in the referendum. In towns such as San Juan Atepec, Santa Gertrudis, and Santa Catariana, the polling tables were not installed because the authorities prevented it.

In the states of Mexico and Tlaxcala and in the capital of Mexico, volunteers said that a group of people filmed the persons in charge of polling tables, and Public Security officials asked for the names of the coordinators.

This referendum was convoked by the Zapatist National Liberation Army so that the people would state their opinion on what the political future of the armed group should be.

[Paris AFP in Spanish at 2228 GMT on 27 August in a Mexico City datelined report adds: "Octavio Rodriguez Araujo, of the National Democratic Convention, has reported that in Mexico City, the referendum is taking place in a 'friendly, cordial, and almost festive' atmosphere, but with varying participation."]

Ranking Officer Charges Drug Traffickers Assisting EZLN

PA2808173395 Mexico City Radio Red Network in Spanish 0000 GMT 26 Aug 95

[Report by Maria de la Luz Gonzalez, from the "The Night Monitor" newscast]

[FBIS Translated Text] Drug trafficking groups have become a key source of support for the EZLN [Zapatist National Liberation Army] in the state of Chiapas. In turn, the EZLN has helped them. General Manuel Fernando Badillo Trueba, deputy chief of operations of the General Staff of the National Defense Secretariat, made those remarks on Friday while attending the fifth national consultation meeting to combat drug trafficking, sponsored by the Justice Committee of the 56th federal legislature.

Gen. Badillo said that from 1992 to date, drug traffickers have conducted the largest number of illicit operations by air in Chiapas. He noted that during this period, there have been 15 drug drops, six incursions, and two landings. Of these 15 drops, nine were made close to Pico de Oro village, inside the area under EZLN control. Let us listen to him.

[Begin Badillo recording] The drops in Pico de Oro, following the start of the armed conflict, allow us to establish that the drug trafficking groups are operating with the support of Zapatists. For that reason, these groups have become a key source of support for the EZLN, perhaps, since the time this organization was being formed. [end recording]

Gen. Badillo also announced that during the current administration, operations to fight drug trafficking have been stepped up, with the destruction of 29,612 marijuana plantations, 119,212 poppy plantations, seven clandestine landing strips, and 118 (secaderos) as a result. He added that the Army has deployed an average of 7,583 soldiers on daily anti-drug operations. Weapons confiscations were made at what are described as high, medium, and low intensity drug harvesting areas. The states of Michoacan, Guerrero, Jalisco, and Sinaloa top the list in this regard.

Moises Moreno Hernandez, deputy comptroller of the control process of the Attorney General's Office [PGR], affirmed that actions against organized crime and, in particular, drug trafficking can no longer be conducted with conventional public security forces. He felt that an elite group, highly specialized and trained, must be created and equipped with the best weapons and technology to conduct this mission. The official noted that the PGR must be strengthened from an organizational and administrative standpoint, so that it will not lose the war on drug trafficking capos in the courts due to lack of evidence.

Preliminary Results of Chiapas Referendum Released

PA2808213195 Mexico City LA JORNADA in Spanish 28 Aug 95

[Report by Elio Henriquez; received via Internet]

[FBIS Translated Text] San Cristobal de las Casas, 27 Aug — The Chiapas Civil Alliance reported that the National Consultation for Peace and Democracy, called by the Zapatist National Liberation Army (EZLN), is taking place in this state without significant incidents and with a "large voter turnout."

In a preliminary report released after 2300, the alliance added that upon computerizing the data of 13 percent of the 233 polling tables in this state and 564 of the 1,307 community assemblies, the figure of 69,045 voters was reached.

The alliance said 564 community assemblies registered 64,716 voters with the following results: 64,069 people answered Yes, 176 No, and 471 No Yes [as received] to question number one. 63,547 answered Yes, 339 No, and 670 No Yes to question two. 63,727 said Yes, 382 No, and 543 No Yes to question number three. 43,132 answered Yes, 14,052 No, and 6,611 No Yes to question number four. 18,373 said Yes, 39,400 No, and 5,411 No Yes to question number five. 62,923 answered Yes, 273 No, and 1,413 No Yes to question number six.

The 32 polling tables whose data were computerized showed the following results: 4,253 answered Yes, 20 No, and 56 No Yes to question number one. 4,092 said Yes, 110 No, and 113 No Yes to question number two. 4,143 answered Yes, 69 No, and 106 No Yes to question number three. 2,013 answered Yes, 1,801 No, and 485

No Yes to question number four. 1,416 said Yes, 2,274 No, and 500 No Yes to question number five. 4,019 answered Yes, 92 No, and 208 No Yes to question number six.

According to the Civil Alliance's report, among these 32 polling tables are 26 installed in this municipality. The remaining six polling tables belong to the municipalities of Amatenango del Valle and Teopisca. In this city, the polling table having the largest turnout, 519 citizens, was located next to the cathedral.

In San Cristobal de las Casas, very early in the morning dozens of people began to arrive at the polling tables installed downtown to answer the six questions raised by the EZLN which, they said, "will decide part of our destiny."

The largest turnout took place at the polling tables at the central part and several of these tables had people in lines to answer the questions. At noon outside the Civil Alliance office in this town, dozens of representatives from various places waited their turn to submit the results of the vote count certificates of the community assemblies.

The campaign was marked by the constant presence of government intelligence agents and the Mexican Army where the polling tables were installed. The representatives and voters at the polling tables were videotaped and photographed in many cases.

According to the Civil Alliance, in Comitan a group of individuals identified themselves as reporters and videotaped those in charge of various tables. Then they left in a small Judicial Police truck.

At the polling table installed in the cathedral plaza exclusively for foreign citizens, 125 people from 21 countries voted, mainly from Spain, Italy, and the United States.

The final results will be released tomorrow at 1900 in Tuxtla Gutierrez.

Report Notes Activity During EZLN Referendum

PA2908005395 Mexico City LA JORNADA in Spanish 28 Aug 95

[Report by Angela Cruz, Gustavollo Castillo, Ismael Romero, Ricardo Olayo, Ciro Perez Silva, and Judith Calderon — received via Internet]

[FBIS Translated Text] Watchfulness in the federal district oscillated between discretion and harassment. An incendiary bomb was tossed into a polling station. The police talked about order and poor voter turnout, and there were attempts to taint the referendum with rumors.

Minor incidents were reported: Police harassing polling station authorities; certain DDF [Federal District Department] workers "overseeing" the progress of the voting, and some unidentified individuals tossed an "incendiary bomb" from a taxi at the polling station located on Eje 10 and Cerro del Agua (in the southern part of the city). Nevertheless, according to polling booth officials, the call for civilians to decide the future of the EZLN [Zapatist National Liberation Army] received a "good response" and was executed in perfect order in extensive metropolitan areas of Mexico City.

The official report of the Public Security Secretariat of the Federal District has stated there were no reported incidents, nor was there a need to mobilize more than the 8,000 policemen that were on duty.

Police monitored the 52 sectors in which the city was divided, and on police radio frequencies one heard that voter turnout was "poor and without incidents."

Preventive police implemented a "discreet" watch operation for the referendum consisting of patrols upon request to avoid accusations of intimidation.

The discretion was not constant, however. A number of officials at the polling station in the Miguel Hidalgo delegation claimed "harassment." Patrols numbers 15221 and 14040 constantly circled polling stations numbers 26, 43, 44, and 36. On occasion, they would shout in front of a polling station to discourage possible participants.

In Ecatepec, Mexico State, certain policemen also exceeded their authority. During the afternoon, the municipality's ninth region traffic patrol car number 9247 approached a polling table located along Guadina Avenue and Central Avenue (Valle de Aragon, Third Seccion). A patrolman stepped out of the patrol car in front of the booth, took approximately 60 ballots, and immediately walked away.

Polling station officials in that urban area reported a number of patrols of various Mexican Government institutions maintained a constant watch. A similar situation was reported in Nezahualoyotl City.

Cesar Lopez has said at Chapultepec Magic Park, in front of the roller coaster, an unidentified man (tall, thin, with light hair and skin) arrived at approximately 1700 hours at the polling booth, tore up a ballot, tried to take documents away from the polling station official, and shouted: "I am going to kick your ass."

Polling places installed in front of El Zocalo received the largest amount of voters. At 1400, more than 400 citizens had voted. In the polling places installed in

Paseo de la Reforma and la Alameda, an average of 100 ballots were deposited in the ballot box.

In that part of the city, the polling stations received between 200 to 500 voters. At the polling booth located at the exit of the El Zocalo Metro Station, in front of the Federal District Department, there was a line of voters all day. The most frequent problem was that people wanting to vote left home without any identification.

At certain polling stations, the officials would invite passersby to vote, but not all of them did. At the Jose Marti Cultural Center polling station, near the Hidalgo Metro Station, there were individuals who responded aggressively to an invitation to vote.

At the polling station located at the Insurgentes Metro Station circle, not many people were interested in voting, despite the explanations and invitations of polling stations attendants. At noon, not more than 60 people had stopped there.

At polling station number 33, located at the corner of Eugenia and Doctor Virtiz, Navarete colony, those in charge of the polling station took advantage of the EZLN referendum to implement a specific questionnaire to know of the most common problems in the area. Crime was the principal complaint, as well as the inaction of public authorities in solving the crime issue.

Sociologist Carlos Alfredo Reyes said he has decided to join polling station number 33 and explained: "I believe the people's participation is important. We are concerned about what is happening in the country." Maria del Carmen Espinoza, also in that polling station, had a similar motive: "One has to participate. The country's situation is critical." One hundred and forty-one voted at this polling station.

Further south of the city, polling station number 916 ended up at the doors of the Nativitas Metro Station, "because we were ran out of the Aurrera Supermarket parking lot."

In the area of Coyoacan and Ciudad Universitaria, voter participation was constant, contrasting with Pedregal, where the fewest number of polling stations was located and where fewer citizens approached to answer the EZLN's questions.

In certain areas of the city, the clergy demonstrated its participation. The presidents of polling stations reported that nuns and priests had approached to answer the questionnaires, and those polling stations that were installed at the church atriums were not touched.

The National Coordinating Board of Coffee Organizations [Coordinadora Nacional de Organizaciones Cafetaleras] and the Mexico for Everybody Caravan have reported that their observers have informed that only minor incidents took place during the referendum and that participation was neither large nor small.

They reported that the people in charge of the polling stations on Paseo de la Reforma and at the National Auditorium were "intimidated" by policemen.

Manuel Fernandez, of the Caravan, said the average number of voters at each polling station was 100. University researcher Axel Dedrickson obtained the same figure.

Meanwhile, Mario Padilla, of Civic Alliance and responsible for the referendum in the 33rd District, has reported that at around 1700 "unidentified individuals" in a taxi threw an "incendiary bomb" (a homemade device composed of a bottle, tow, and a flammable substance) near the polling station on Eje 10 and Cerro del Agua, near the Copilco Metro Station. There was no property damage, and no one was injured.

He added: Almost immediately, a group of people stepped down from a Federal District Department light truck and issued death threats against the people at the station.

In the eastern side of the city, voting table chairmen estimate citizen participation in this referendum was 50 percent higher than in the February referendum on whether to put former President Carlos Salinas on trial, despite the lack of publication and the fact many people who wanted to participate were unable to because the last minute notice about the referendum did not give them enough time to obtain identification cards.

Despite morning rains, the majority of the National Referendum stations were installed by 0800.

Around noon, the voting tables installed in Ciudad Nezahualcsyotl had an average of 40 participants, and those at the municipal palace had 140 votes.

The approaches to marketplaces and the cross points of important avenues of that municipality were the site chosen by the volunteers who chaired over the voting tables. Voting station officials have reported that certain citizens voiced their choice with awareness, others with a complete lack of information, and most of them because they wanted to participate.

According to Alberto Barragan, coordinator of Mexico City's east side, 450 voting tables operated, 150 of them in Nezahualcsyotl. Each voting station chairman was given from 250 to 300 ballots, with a basis on the February referendum experience.

In February, a total of 340 polling stations, almost 50 percent less than on this occasion, functioned in the east zone, which comprises the municipalities of Los Reyes, Chapingo, Texcoco, Chicoloapan, Chalco, Ameca, Ozumba, Cocotitlan, and Tenango del Aire, among others.

In the Federal District, participation varied at the various polling tables. Those located at metro approaches by 1400 or 1500 had an average of 100 votes. At the north side exit points of the Moctezuma Metro there were three voting stations. Each had an average of 50 votes cast.

By 1400, 265 people had participated in the two voting tables that functioned at the Guelatao station. Jose Carlos Medina, chairman of the voting table across from Zaragoza, recalled that in the February referendum, by 1400 only 100 people had cast their preference, while yesterday at that time, voting officials already had a list with the names of 148 citizens. [sentence as received]

A block away, though, at the table in front of the Francisco Villa Front Settlement, only 31 ballots had been filled. The lady in charge of the voting table said the settlement had not been given referendum information. She said: "The leaders did not bloc the referendum but they did nothing to promote it either, and the people are very apprehensive."

The voting tables at Clinica 25 of the [IMSS] Mexican Social Security Institute, behind Gigante Zaragoza and near the market on Texcoco Avenue, had 60 ballots each.

There were unceasing questions about who had convoked the referendum and why it was obligatory to present identification cards. "Why do I have to identify myself if the Zapatists do not identify themselves with the people?" asked a citizen who after a lengthy discussion with the voting table chairman decided to answer the six questions and deposited his ballot in the ballot box.

Generally speaking, the referendum took place without incident, except for an argument at the exit of the Tepalcates Station of the Metro's Line "A." A man who claimed he represented street vendors asked the referendum officials to move because "my companeros do not want any more people settling down here; besides, we do not agree with this." After moving to two different places in the same area, voting station 86 of the Constitutionalist Army Unity was finally set at the end of the stairs of that metro station.

Elsewhere, after a member of the polling station explained the contents of the referendum ballot, a lady said: "I do not know how to read, but I want to answer because we agree with this, right?" Then the lady took a pen and marked her answers.

Poll Shows Most People Want EZLN To Become Political

PA2908043695 Mexico City REFORMA in Spanish 28 Aug 95

[Report by Miguel Angel Juarez; received via Internet]

[FBIS Translated Text] Most citizens who voted yesterday in the referendum organized by the Civic Alliance want the Zapatist National Liberation Army [EZLN] to become an independent and new political force without joining other political organizations.

When replying to question number four, which defined the above, of a total of 10,032 polling stations installed, in 41.5 percent of them, which is equivalent to 528,820 citizens, 56.2 percent replied yes and 34.9 percent no.

Replying to question number five, referring to the EZLN joining other organizations and that together they form a new political organization, 5 percent do not want the EZLN to join other political organizations or to form a new political organization.

With figures that surpass 90 percent, citizens agree that the people's main demands are land, housing, work, democracy, freedom, justice, peace, security, fighting corruption, and that the environment be defended.

Also that democratic forces join in a broad citizen, social, and political opposition front to struggle for these 16 main demands.

Likewise, that an in-depth political reform be carried out that will guarantee democracy and guarantee equal participation of women in all posts calling for representation and responsibility in civilian and government organizations.

Civic Alliance representatives would not comment over the meaning of the results to questions number four and five because they consider that their role was to organize a referendum requested by the EZLN and sponsored by the National Democratic Convention. Final results will be released tomorrow.

Finance Secretary Explains Debtors Plan

PA2708211695 Mexico City XEW Television Network in Spanish 0430 GMT 25 Aug 95

[Telehone interview with Guillermo Ortiz Martinez, Mexican finance and public credit secretary by Jacobo Zabludovsky in Mexico City — live or recorded; from the "24 Hours" newscast]

[FBIS Translated Text] [Zabludovsky] Much has been said about the debtors, but very little about bank depositors. How will the measures affect them?

[Ortiz] The preferential interest rates that have been announced are aimed at bank debtors and certain categories of debtors. Bank depositors will get their interest paid to them as usual. I am talking about the interest paid to savings account holders and depositors. These rates will be freely determined by the market. There will be no type of ceiling on interest rates that will be paid to the savings account holders and depositors.

[Zabludovsky] What will happen to debtors who are up to date and to those who acquire new loans?

[Ortiz] Debtors who are up to date will benefit from the same advantages given to debtors who are not up to date. They are even going to have a certain preference, because without doing additional paperwork they are going to enjoy the benefits of lower interest rates starting on 1 September. As for those who receive new bank credits, they are going to pay the normal rates because the low-interest rate benefits will only be for those with debts acquired before 21 August.

[Zabludovsky] The contribution made by the government means public spending will be cut to a certain extent?

[Ortiz] The government's contribution will be relatively small this year, but in future years we are going to include in the budget the yearly contributions the government will have to make to cover the difference between the market rates and the rates paid to depositors. I am talking about subsidies, which of course will have to be included in the budget. This means there will be less public expenditures in other areas.

[Zabludovsky] Individuals and members of debtors' associations have raised their voices and said the measures are insufficient and that they do not attack the heart of the problem. Some of them say the measures will fail. What is your opinion?

[Ortiz] I believe the organizations that do not believe in the effectiveness of the plan before having studied it, before understanding it first, and before discussing it with the other members of the association are showing they are not acting in good faith, because the first thing they must do is to understand it and consult with other debtors to see if the plan is acceptable or not.

I believe there are organizations that are acting in good faith; others, however, do not want the problem to be resolved. What they want is to raise political banners. I believe the people and the organizations who act in good faith will surely review the program in detail and study the advantages and possible disadvantages, but at any rate a constructive dialogue should be held. I believe it is now when we are going to see who is acting in favor of the interest of the debtors and who simply wants the problem to be prolonged.

[Zabludovsky] How can this agreement contribute to the development of Mexico's economy?

[Ortiz] I think that the relief given to the debtors could be important, because the monthly payments that are made will be significantly reduced when the interest rates are lowered. The plan will give businesses and Mexican families the opportunity to have greater purchasing power, and this should lead to a faster reactivation of the Mexican economy.

I believe this can also give companies and families a new outlook, a new light that can allow them to recover their confidence so they will be able to come out ahead as the country will surely come out ahead.

[Zabludovsky] Thank you very much, Mr. Ortiz.

[Ortiz] Thank you very much.

Social Security Head: Institute Financialy Balanced

PA2508191095 Mexico City LA JORNADA in Spanish 24 Aug 95

[Report by Roberto Garduno Espinosa — received via Internet]

[FBIS Translated Text] Genaro Borrego Estrada has said IMSS [Mexican Social Security Institute] revenues will drop 20.8 percent in real terms in 1995. He has warned that this institution must make changes to correct the deficiencies.

Presenting a report on the IMSS economic situation at the 77th IMSS General Assembly, Borrego has said the institution is financially balanced despite the crisis. In order to face the refinancing effects, austere, rational, efficient, and responsible policies will be implemented during the rest of the year, he has said.

"Finances worry us, but the services rendered to people please and make this noble institution proud. We are certain we will come out stronger from the diversification," the IMSS director has said.

In front of representatives from workers and employers sectors, Borrego has said the amount of permanent insurance holders was 9,870,542 people up to July 1995, 4.11 percent less than the amount recorded in December 1994.

IMSS Revenues Decrease in Real Terms

Breaking down the IMSS budget, Borrego has said revenues will total 47.666 billion new pesos in 1995. Although it represents a 12.8 percent increase in nominal terms, compared to the previous budget, it represents a 20.8 percent drop in real terms.

Operating expenditures amount to 45.779 billion new pesos, 2.517 billion new pesos less than what was budgeted in January 1995 and 21.3 percent more in nominal terms, compared to 1994, meaning the IMSS expenditures increase at a rate higher than that of inflation; that is, "we have attended more people with less revenues and lower costs."

From the budget that will be used in the rest of the year, 22.038 billion new pesos, 48.1 percent, will be allocated to staff services, 14.061 billion new pesos, 30.7 percent, to benefits not involving money, and 4.895 billion new pesos, 10.7 percent, for the depreciation of assets. These three categories encompass 90 percent of the total budget.

Likewise, the head of the IMSS has said 599 million new pesos will be earmarked to store financial reserves in the rest of the budgetary year. "This figure is definitely modest but indicates the complexity of the budgetary problem we are experiencing and, at the same time, demonstrates the institution's duty of facing society while following the guidelines regulating its work," he has said.

He has also said 319 million new pesos will be allocated to equip works already concluded and to replace obsolete equipment. The Gynecological and Obstetric Hospital of the Northwestern Medical Center, the Gynecological and Pediatric Hospital in Cancun, and the General Hospital in the neighborhood of Gabriel Mancera, Mexico City, are among the works already concluded.

Despite the IMSS's financial difficulties, he added, 1.492 million insurance holders, whose number increased by 3.5 percent during the last half of the year, are receiving the benefits.

"Should this trend continue, the number of insurance holders would increase by 7 percent in 1995, in contrast to the hefty reduction in the number of insurance paying members," Borrego has said.

The IMSS-Solidaridad Program will include more than 3,000 communities in Oaxaca, Durango, Michoacan, Chiapas, and Chihuahua, the IMSS director has said.

The IMSS reorganization, Borrego added, intends to lay the foundations to have a more expeditious and more efficient administrative structure with a capability to respond, while the reforms are seeking to overcome, "with the help of the entire IMSS community, the contradictions and deficiencies presented by the insurance division in order to preserve the overall features of the Mexican social security system, thus consolidating its viability and strengthening it."

He has said a tripartite commission next week will study the proposal to reform the institution. "The deficiencies and needs to change are evident. The strengthening of the IMSS is a general demand and a right of all of society," he has said.

Debtors Want Financial Sector To Negotiate

PA2708223495 Mexico City LA JORNADA in Spanish 25 Aug 95

[Report by Laura Gomez Flores and Mireya Cuellar; received via Internet]

[FBIS Translated Text] Debtors organizations have urged the Secretariat of Finance and Public Credit (SHCP) and the Mexican Association of Bankers (ABM) to jointly negotiate a program to resolve the problem of overdue portfolios. The Agreement on Support to Bank Debtors (ADE) [Acuerdo para el Apoyo a Deudores], they stated, is not only a unilateral measure, but it is also a partial and illegal one. Moreover, it "only seeks to calm the people down while the government presents its report, making them believe that it can pay their debts."

The National Confederation of Agricultural and Lumber Producers and the National Union of Agricultural Producers, Industrialists, Merchants, and Lenders of Services — both known as El Barzon — recalled in separate news conferences that in less than two years, the finance authorities have promoted five programs to restructure overdue portfolios: Fircaven [expansion unknown], Sirecas [expansion unknown], Zero Coupon Bonds, Investment Units, and the attention tables [mesas de atencion], and "none of them yielded positive results."

After allowing the immoderate growth of the total amount of the debts, the ABM and the SHCP are currently trying "to take more money away from us and force us to acknowledge an illegal debt. In other words, they deceived us first, and now, they are trying to give us the scraps. This is why it is necessary to implement an assistance and recovery program such as the DN-III [expansion unknown]," Barzon leaders Juan Jose Quirino Salas and Alfonso Ramirez Cuellar stated.

Moreover, "we want a law because, according to this program, the banks can decide what to do, what to charge, and what not to do, ensuring the capitalization of interest and compliance with legal agreements. While this situation is taking place, we will set up, as of 28

August, counseling desks near the doors of banking institutions nationwide to tell people about the government's big hoax," they added.

Barzon members agreed that the emergency program to grant debtors immediate support is partial because it was drafted behind the backs of the interested parties; and deceitful, because it only seeks to obtain the acknowledgment of debts without giving any consideration to the feasibility of the project to maintain balances illegally inflated by the bankers.

In addition, the program is illegal because it seeks the acknowledgment of debts set unilaterally by the banks via mechanisms that violate the Constitution, as well as the banking laws.

The National Union of Agricultural Producers, Industrialists, Merchants, and Lenders of Services, through its leaders, explained that an in-depth solution does not lie in a financial program, such as the one announced by the government. This program only benefits the banking sector through contributions made by the population, even though it stems from a deceitful and populist conception.

The National Confederation of Agricultural and Lumber Producers, led by Maximiano Barbosa Llamas, proposed to divvy up the real debt in three parts: the bank should assume 40 percent; the government, 45 percent; and the debtors, 15 percent. This proposal also recommends that the banking sector use the national contingency fund to assume its part, while the government allows rediscounts of up to 45 percent on the payment of taxes to the banking sector to cover its share.

Meanwhile, 15 percent of the debtors' participation will take place through the rescheduling [redocumentacion] of the debt and not through the generation of a new loan for the payment of the acknowledged debt, Barbosa Llamas noted.

The lack of a project to reactivate the industrial, business, and agricultural sectors — all sectors that owe loans for more than 400 million new pesos — became evident during the announcement of the ADE; therefore, it is necessary to eliminate it, Quirino Salas and Ramirez Cuellar argued.

The ADE, which is basically a program to support a reduction in interest rates and a write-off in interest in arrears, only includes reductions for loans smaller than 400 million new pesos, while the rest will be subjected to prevailing market rates.

The Barzon members led by Maximiano Barbosa — the Confederation of Agricultural Producers, the National Association of Credit Card Holders, the Front for the Defense of the Patrimony, and the Citizens' Assembly of Bank Debtors — agreed to convene the government and the bankers to negotiate under the following principles:

First, nothing will be done outside the country's current legal framework. Second, the real amount of the debt will be set in keeping with the law. Third, payment deadlines ranging between 15 and 20 years will be based on the debtor's earning capacity. Fourth, the interest rate will be in keeping with the profitability and income level of each sector.

Hence, debtors in the rural areas would pay an interest rate of zero, while the other sectors would pay an annual rate of more than 6 percent, including a five-year grace period. In addition, as of the sixth year, interest would be paid on outstanding balances, they indicated.

They warned that, if "coincidental" violent attempts against members of their organization continue, "mysterious attacks might also begin to take place against any official, because if the authorities violate the prevailing state of law, simple debtors should not be expected to act differently."

Barbosa Llamas remarked that his organization will wage a massive national offensive against the banking sector and corrupt judges, and will continue promoting its mobilizations nationwide and instituting legal actions.

In the meantime, Alfonso Ramirez Cuellar announced that he will begin the first "Flight for Freedom," which consists of renting a plane in which 30 Barzon members will follow President Ernesto Zedillo on his international tours so as to "alert other countries that the Mexican Government implements actions in favor of the large owners of capital and to the detriment of the majority."

It was announced that the first flight will leave for Washington, a city President Zedillo will soon visit on a work trip.

A group of approximately 200 Barzon debtors arrived yesterday in San Lazaro to demand that the deputies fulfill their duty as representatives of the people, and intercede so that they can be included in negotiations to resolve the problem of the overdue portfolios.

They accused the SHCP of being an "accomplice" of the bankers because it implements programs that only benefit the owners of capital.

In various tones, the members of El Barzon Movement led by Maximiliano Barbosa told the five-deputy commission that received them, all from the PRI [Institutional Revolutionary Party], not to force them to take up arms and to provide a solution that would include the possibility of feeding their children.

The debtors called the deputies onto the carpet and always referred to them as nothing less than "accomplices" of a system that is taking away their children's inheritance.

"Ask Ortiz to come up with a solution, because he gave away the banks to Salinas' friends ... the measures should not be adopted just to benefit 25 families ... don't just remain in your seats waiting for everything to be taken to you ... Chiapas will be nothing compared to the conflict that may be unleashed ... take note Mssrs Deputies, our children and their inheritance are the nation itself and it is being taken away."

That was the tone used by the debtors when talking to the group of five deputies, who admitted they could do nothing to help them. The group of deputies was just the target of the debtors' wrath, who in making their demands said they were not making a request, but were "demanding" their intervention.

Chihuahua farmers complained, saying the finance secretary had fooled them because he promised to send a high-ranking official to a meeting that would be held in that state in order to specifically learn of local problems, but at the end a "very low-ranking official," who could not provide specific solutions, was sent.

The meeting was held in one of the halls of the Chamber of Deputies and more than 10 members of El Barzon Movement delivered speeches to say that the government and the bankers unilaterally decided the terms of the agreement and will not pay "no matter what happens" because no one can pay what he does not have.

Deputy Sergio Ramirez, with the voice of a reprimanded child, said they have not been insensible to the people's demands. "We have made our best efforts"... but "we must be aware of our realities," he said. He also tried to explain to them that there is a big gap between "what is desirable and what is possible." He said there are profitable crops, to which the debtors quickly asked: Which crops? Ramirez did not answer and a voice in the back was heard saying: "marijuana."

"We agree with what you are demanding, and I understand your anguish, but it is also important to know what the duty of the legislator is," he said.

Deputy Ofelia Casillas, president of the Information, Management, and Complaints Commission, said the Chamber of Representatives can only promise to send to the Finance Secretariat and the National Banking Commission the viewpoints of the members of El Barzon Movement.

She asked them to explain, in writing, why each one of the solutions offered by the Agreement for Immediate Support to Bank Debtors [Acuerdo de Apoyo Immediato a los Deudores de la Banca] is not feasible, and the Chamber of Representatives will let the authorities know about it.

The answer given by the legislators was not very encouraging for the members of El Barzon Movement. Some said ironically when leaving the room: "There is no doubt that deputies are full of wisdom; we'll see each other for the next proposal."

The National Business Alliance also questioned the agreement.

The agreement will not substantially reduce the overdue portfolios because, among other things, it is a propaganda effort based on the assumption that the debtor needs an encouragement to resume the payment of his debts when actually he does not pay because he does not have money.

The Alliance, which groups small businessmen, regretted that the program is only a confirmation of the continuation of the government's economic policy, "which has led us to the current situation."

The fact that the representatives of the "alleged beneficiaries" did not attend the ceremony in which the new program was announced proved the illegal and profiteering attitude of the banks.

Governors To Support Plan To Assist Bank Debtors

PA2708193995 Mexico City NOTIMEX in Spanish 2155 GMT 24 Aug 95

[FBIS Translated Text] Mexico City, 24 Aug (NOTIMEX) — The governors of the 31 Mexican states will promote the agreement to support commercial bank debtors in order to create confidence among the population, so this program can help reactivate the economy, authorities announced today.

Renato Vega Alvarado, governor of the northern Sinaloa State, said governors will be vigilant to ensure compliance with the agreements reached between the government and the banks to help solve the credit problem.

After a meeting of Mexican governors with Government Secretary Emilio Chuayfett, Vega Alvarado said the Agreement of Immediate Support to Bank Debtors announced last Wednesday will help reactivate the economy. He added that the measure will help reduce significantly the negative impact of interest costs, which will benefit debtor clients who are currently facing the problem of overdue credits.

Last Wednesday, the government and Mexican banks agreed on a plan to solve the problem of overdue credits which will benefit 6 million debtors, representing 75 percent of the total debts.

Socrates Rizzo, governor of the northern Nuevo Leon State, said the implementation of the agreement "will end social discontent stemming from problems related to the overdue portfolio."

Julio Cesar Ruiz Ferro, governor of the southeastern Chiapas State, said the plan will benefit the country's agriculture and livestock sector.

Patricio Chirino, governor of the eastern Veracruz State, added that the plan to assist debtors will have a significant effect in the country's economic activities.

Meanwhile, Finance Secretary Guillermo Ortiz said the debt of state governments with commercial and development banks will continue to be restructured with longer terms and reduced interest rates. Interviewed after the meeting with the governors, Chuayfett said that "so far approximately 50 percent of those debts have been restructured."

He added that the agreement includes a broad information program throughout the country to make these benefits known to all the debtors of credit institutions.

Baja California Sur Governor Guillermo Mercado said the program will not add any costs to the states' budgets, while it will contribute to reactivate the economy in each region.

The Association of International Financial Institutions, comprised by the main banks, stock exchange houses, insurance and lease companies operating in Mexico, expressed its support to the agreement. John S. Donnelly, president of the association, said that the plan expresses the government and the banks' willingness to help debtors affected by the severe economic adjustments and the increase in interest rates.

He added that when foreign banks have had similar problems in their own countries, they have always adopted decisions as the ones announced by the Association of Mexican Banks to work together with debtors having financial difficulties.

Jairo Sanchez, representative of the Inter-American Development Bank [IDB) in Mexico, said the plan is a significant effort from the government and private banks to attack the problem of overdue credits.

The implementation of the plan to assist debtors will reduce the pressure caused by the critical situation the Mexican financial system is confronting, because it has been very well sketched, he said.

Leopoldo Ensastiga, president of the Legislative Assembly's Economic Development Committee, said that agreement will not completely solve the problem of overdue portfolios, and that, therefore adjustments in the banking system are necessary. In order to find an in-depth solution, he said, it will be necessary to renegotiate the margins of mediation and the high financial costs charged by banks.

He stressed that the new program will hardly solve the problem without the participation of the people, as well as of small and medium enterprises in this new instrument.

Business Sector Voices Support for Debtors Aid Program

PA2708010395 Mexico City REFORMA in Spanish 24 Aug 95

[Report by Armando Gasca, Mayela Vazquez, Diego Ayala, Mildred Ramo, Martha Trejo, and Victor Aleman — received via Internet]

[FBIS Translated Text] The Mexican business sector has decided to endorse the Agreement on Immediate Support to Bank Debtors and describes the pact as intelligent, realistic, responsible, viable, and acceptable.

Nevertheless, business leaders and financial sector representatives agreed in that the program should not be perceived as a solution, and that other productive debt restructuring strategies must also be devised.

Jose Madariaga, president of the Mexican Association of Bankers [ABM], indicated that the message in the agreement, more than being addressed to the debtors movement, is aimed at bank clients, to keep them from "making a wrong decision and to get them to contact their respective banks."

The ABM president described the agreement as the best alternative at hand to resolve the overdue loan problem, but added that a definite solution will be in having a country that grows once again.

He explained that the global cost to the banking system and the government will be 15 billion new pesos. Of this amount, 5 billion will be contributed by the bank sector and the 7 billion remaining will be financed by the government.

Hector Larios, president of the Business Coordinating Council, reported that nearly 6 or 7 million debtors throughout the country will now be able to solve their overdue debt problems with the banks.

Carlos Abascal, leader of the Employers Confederation of the Mexican Republic, pointed out that "it is not a solution, but it is a final agreement; we cannot continue thinking about new agreements, since it would not be practical."

Victor Manuel Diaz, president of the Confederation of Industrial Associations [Concamin], warned that those businesses that fail to restructure will be committing economic suicide.

On the other hand, Victor Manuel Terrones, president of the National Association of Manufacturers [Canacintra], stated that a reasonable effort that led to economic reactivation was carried out by the government, banks, and business sector.

German Gonzalez, president of the Confederation of National Chambers of Commerce [Concanaco], contends that it would be impossible to ask for more reasons for which the nonpayment philosophy proposed by the El Barzon Movement should not prevail. He also disclosed that still pending discussion are issues related to a trust fund proposed by Concanaco, Concamin, Canacintra, and the National Chamber of Commerce [Canaco], Mexico branch.

Salvador Lopez Negrete, president of the Federal District branch of Canaco, indicated that the program does not mean closing the door to other restructuring plans that offer better conditions.

According to Claudio X. Gonzalez, president of the Mexico Businessmen's Council, the agreement is an important step needed for the economy to grow, which will translate into more employment.

Debtors Reject Plan

The National Credit Card Holders Association, Debtors Citizen Assembly, and the National Association of Bank and Credit Card Users expressed their opposition to the agreement.

Gerardo Fernandez, coordinator of the Debtors' Citizen Assembly, specified that the support program is unilateral and irresponsible because debtors were not consulted.

Mariano Ruiz Funes, member-director of the Economists and Associates Group, contends that the program will not solve the overdue debt problem, and that as long as there is no economic reactivation debtors will not have funds with which to pay.

Eduardo Cabrera, head of Merrill Lynch Latin America's strategic analysis division, explained that the program will mitigate social and political tensions in Mexico, in addition to improving bank liquidity.

On the other hand, Jeffrey Dennis, chief of Bear Stearns Latin America's strategic analysis group, claims that the program could be difficult for the Mexican banking system.

Business Sector's Blessing

The main business leaders expressed their support for the Agreement on Immediate Support to Bank Debtors, although they also all agreed that it should not be viewed as a final solution and that other mechanisms to solve the overdue debt problem should be sought.

BCP Joins Spain's BCH in Mexican Bank Purchase

95P20998H

[FBIS Media Note] The Portuguese Commercial Bank (BCP) and Spain's Banco Central Hispano (BCH), will double their 20-percent participation in the Mexico's fifth-largest financial holding company, the International Bank of Mexico (BITAL), according to an article in the Lisbon daily DIARIO DE NOTICIAS on 11 August. The two will each hold 10 percent of the BITAL shares. To reinforce their positions, they will also purchase $132 million of BITAL's recent $300 million long-term convertible bond issue. The bonds were issued to collect funds to allow BITAL to pay off recapitalization obligations and expand its activities, frozen since last November's financial crisis. The Mexican Government, which is trying to keep BITAL afloat, will take responsibility for the bank's troubled investment and loan portfolio.

Roundup of Mexican Economic Developments

PA2908004895

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 28 August.

The Bank of Mexico (Banxico) disclosed on 24 August that the national consumer price index registered a 0.90-percent increase in the first 15 days of August over the latest 15 days of July. In a communique, Banxico stated this is the lowest increase in inflation during the initial 15-day periods of the first eight months of this year. Banxico reported this increase resulted from increases in the prices of cigarettes, eggs, gasoline, housing rent, medical services, and medicine, as well as tuition fees, textbooks, and school uniforms and supplies. Banxico concluded that, in the first 15 days of August, the price index of the basic market basket rose by 0.81 percent with regard to the latest 15 days last month. (Mexico City Radio Red Network in Spanish 0000 GMT 25 Aug 95)

Trans Union of Mexico will reportedly begin operating in September as a credit information entity. This will enable Mexican banks to have a database with information on credit behavior of businesses and persons. The Secretariat of Finance and Public Credit reported 27 August that the official authorization was already granted to this firm, which will have a 20-million new peso initial investment and its affiliates abroad are Fair Isaac Companies and Trans Union Corporation. (Mexico City LA JORNADA in Spanish 28 Aug 95)

El Salvador

Calderon Sol on U.S. Extension of Immigrant Deadline

PA2608220895 San Salvador Radio Cadena YSU in Spanish 2200 GMT 24 Aug

[Report by Douglas Mejia]

[FBIS Translated Text] Thursday President Armando Calderon Sol announced a four-month extension for illegal Salvadoran immigrants working in the United States. He added the extension issued by U.S. President Bill Clinton will allow Salvadorans to be included in the ABC [American Baptist Churches] legal assistance program.

[Begin Calderon Sol recording] We are pleased to announce today that we have learned the U.S. Government has extended for four more months the stay of Salvadorans who already had working permits. This will enable us to continue working with our consulates and embassy so they can be included in the ABC program, which offers them the opportunity to finally normalize their immigrant status in the United States.

I believe this is very important for Salvadorans, for our brothers abroad, and equally important for their relatives here. [end recording]

Calderon Sol believes the extension was the result of his recent meeting with President Clinton in the United States.

[Begin Calderon Sol recording] I want to tell you this is the result of talks I had with President Bill Clinton and also the result of efforts conducted by many social organizations and Salvadorans who have cooperated by mediating before U.S. political circles. I believe Salvadorans and families should be happy with this result.

Additionally, I would like to tell the Salvadorans that already have this permit, the Deferred Forced Repatriation and Temporary Protection Status, that they can go to the Salvadoran consulates or to the embassy, where they will receive legal assistance to fill out all the necessary forms to apply for the ABC program. In other words, we already have plans to assist our fellow countrymen. [end recording]

Illegal Salvadoran immigrants were going through a troublesome period because those who had not been included in the legal assistance program could only remain in the United States until the end of September. This situation is also worrisome for the government, although the possibility of a mass deportation has been discarded.

The illegal immigrants' contribution to the Salvadoran economy in money transfers to their families reached approximately $2 billion during the past year. The new extension will expire on 31 January 1996.

President, Officials Review Honduran Border Problems

PA2608181295 San Salvador EL DIARIO DE HOY in Spanish 25 Aug 95 p 3

[FBIS Translated Text] President Armando Calderon Sol has confirmed that "tension" has recently prevailed at the Honduran border, but he explained that "this was not critical and it was overcome."

"It did not involve events we have to deplore," the president said in a news conference.

Calderon said that, to prevent new incidents, the two governments have expedited the border's demarcation and the Binational Juridical Commission's negotiations. "We have avoided a series of incidents," the president said without specifying dates or places.

The International Court of Justice at The Hague, the Netherlands, delimited the land and maritime border between the two nations in 1992. Approximately 12,000 Salvadorans have found themselves in territories assigned to Honduras and they demand a dual nationality.

Residents of the zones granted to Honduras have reported a series of incidents and hostilities against them, compounded by their undefined nationality and ownership rights.

Dr. Mario Solano, Supreme Court of Justice magistrate and member of the Binational Juridical Commission, warned last week that positions between El Salvador and Honduras to reach an agreement "are controversial rather than similar" on certain issues.

Nevertheless, Solano believes problems at the border deal with local rather than sovereignty issues. "The two countries have no intention of using force," the magistrate said.

Fernando Martinez, Honduran ambassador to El Salvador, said the Binational Juridical Commission which studies the case has been meeting to reach a prompt solution.

Due to reports of "clashes" in the area of Poloros, the diplomat reasserted the Armed Forces in his country are subordinated to President Carlos Reina, who "is firmly determined to solve the problem as soon as possible."

Martinez said parliamentary members of El Salvador and Honduras will meet in September to visit the zone where some incidents have occurred.

Ambassador Martinez denied the issue is being politicized in Honduras; adding alternate solutions are being sought to solve the problem without involving reforms to his country's constitution.

Magistrate Mario Solano explained El Salvador has submitted a plan for the implementation of the ruling issued by the court at The Hague, based on ownership and possession rights.

Moreover, Honduras has presented a plan based on the nationality thesis, meaning the government would be willing to grant the Honduran nationality to Salvadorans who can prove their ownership rights.

El Salvador is seeking a combination of the two proposals.

Honduras has argued that, according to Article 107 of the Honduran Constitution, no foreigner can have a land ownership deed if it involves land 40 km from the border, the jurist explained.

UN Representative on Compliance With Peace Agreements

PA2708213795 San Salvador EL DIARIO DE HOY in Spanish 26 Aug 95 p 5

[FBIS Translated Text] Alvaro de Soto, deputy UN secretary general for political affairs, has said that the peace agreements have been consolidated.

"I believe that, in general, the process of compliance with the peace agreements is in a consolidation phase, and in general terms the results are positive," he said.

"I have confirmed that President Calderon Sol is very enthusiastic and strongly committed to complying with the agreements."

He added that there is always some reservations, because after the agreements are signed, the work has just begun.

During his visit, de Soto met with President Calderon Sol, with whom he reviewed the peace agreements. De Soto was mediator in the peace talks before the Chapultepec Agreements were signed.

Calderon said the majority of the agreements have been complied with. He recognized, however, that "there have been some bureaucratic delays in the delivery of land due to registration problems, inheritance procedures, or because titles were not recorded, but there has been no ill will of which the UN is aware."

FMLN [Farabundo Marti National Liberation Front] leader Miguel Saenz said de Soto's visit is "very important" because it "shows that the United Nations is closely following" the Salvadoran peace process.

"It is worrisome to see that 35 percent of the land transfer program is still pending, and with all the current problems we doubt it will be completed by 31 October," Saenz stressed.

He noted that the implementation of the agreement that will benefit 40,000 persons, including former guerrillas, former soldiers, and civilians, will depend to a great extent on "the government's real determination to overcome obstacles."

Saenz added that it will also be necessary to resolve the problem of rural and urban communities for the displaced population or refugees from the past armed conflict.

"Despite the efforts to be conducted from now until 31 October, many agreements will remain pending, which are very problematic and complex, and which will require the good offices of the United Nations," FMLN Secretary General Salvador Sanchez said.

Calderon Sol stressed that the Salvadoran peace process "is a real example for the world and for the United Nations, because of the efforts to attain peace and comply with the agreements." De Soto met with other top government officials, including newly appointed Foreign Minister Ramon Gonzalez Giner, as well as with National Reconstruction Secretary Norma de Dowe.

He also met with General Mauricio Vargas, presidential commissioner for the implementation of the peace agreements, FMLN leader Salvador Sanchez, and Joaquin Villalobos of the Democratic Party.

De Soto was seen as a mediator who favored the guerrillas. He was accused of passing confidential information to the rebel commanders during the peace process, hindering the government's position.

Guatemala

Military Court Rejects Appeal in Devine Murder Case

PA2608044695 Mexico City NOTIMEX in Spanish 0001 GMT 26 Aug 95

[FBIS Translated Text] Guatemala City, 25 Aug (NOTIMEX) — A Guatemalan military court today rejected an appeal to continue to investigate the murder of U.S. citizen Michael Devine, thus freeing Colonel Mario Roberto Garcia Catalan from any responsibility in the crime.

The decision of the 4th Court of the Court of Appeals, which served as the Military Court, ruled as a "tried case" the complete and definite dismissal of charges in the investigation involving Garcia in the 1990 murder of Devine.

The Guatemalan Attorney General's Office filed an appeal at the Court of Justice after the case was closed in June 1995 by a military court from the western department of Retalhuleu. The court had released those involved in the case.

Along with Col. Garcia, Col. Julio Roberto Alpirez was also involved in the murder of the U.S. citizen. Alpirez is also accused of the disappearance and murder of guerrilla commander Efrain Bamaca in 1992.

One of the four soldiers sentenced to 30 years in prison because their participation in the murder of the U.S. citizen identified Garcia as the mastermind of Devine's murder.

According to the investigations conducted by the Attorney General's Office, Garcia was the commander of the Peten military zone, in northern Guatemala, where the murder took place.

Devine, who used to live in northern Guatemala, was murdered for his alleged ties with the Guatemalan guerrillas, according to reports the local media made public. Captain Hugo Contreras Alvarado, who remains at large and who escaped from a military prison on May 1993 after being sentenced to 20 years in prison, was also involved in this murder.

Guatemalan authorities are offering a 100,000 quetzal (approximately $17,000) reward for whoever provides information leading to the capture of Contreras.

UN's Butrus-Ghali Recommends Extension of Minugua Mandate

PA2508130195 Guatemala City Televisiete Television in Spanish 1900 GMT 23 Aug 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] UN Secretary General Butrus Butrus-Ghali has recommended a six-month extension of the mandate of the UN Mission for Guatemala, Minugua. For Butrus Butrus-Ghali, the positive impact of the UN mission on the respect for human rights in the country and on the strengthening of the national peace seeking effort indicate that Minugua's work is good and necessary. The secretary general has recommended an extension until 18 March 1996.

Government, URNG, Parties Sign 'Contadora Declaration'

PA2508150795 Guatemala City Teleonce Television in Spanish 0400 GMT 24 Aug 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Representatives of the government and of the URNG [Guatemalan National Revolutionary Unity] will meet once again in Mexico City on Sunday to resume discussion of socioeconomic and agrarian topics following the agreement reached yesterday by both sides in Panama, where both sides agreed to suspend actions or operations that could adversely affect the election process.

The URNG agreed to suspend its offensive military operations between 1 and 13 November in the framework of a regional forum of political parties promoted by the Central American Parliament, which was held in the Panamanian island of Contadora this week.

The so-called Contadora Declaration was signed by the delegations of the Guatemalan Government's Peace Commission and of the URNG General Command as well as by members of political parties with representatives in Congress and the Central American Parliament.

The president of the Government's Peace Commission, Hector Rosada Granados, read the contents of the Contadora Declaration during a news conference held at the Aurora air terminal minutes after his return from Panama tonight.

The text states that the signatories of the declaration seek to provide security and firmness to the agreements that may emerge from the peace negotiations as well as to cooperate in getting the Guatemalan electoral process to take place under the best conditions.

[Begin Rosada recording] First Commitment. The political parties, to guarantee compliance and follow-up of the commitments reached during the peace negotiations, express their support for the agreements that may emerge from them. In this regard, they recognize that the agreements reached by the government constitute state agreements, which should be honored as such by those who may be elected winners in the next elections. This involves the implementation of policies and government actions, which includes seriously promoting a legislative peace agenda that will emerge from the negotiations.

Likewise, the political parties, aware of the importance and significance of the legislative peace agenda, make the commitment to give it the urgency and priority which the consolidation of peace and the strengthening and improvement of our democratic system demand.

The political parties recognize the special importance of the constitutional reforms within the peace negotiation agreements, therefore, they agree to promote them before the legislative branch for their approval.

The political parties, aware of the fact that a legal basis is fundamental and essential for the insertion of the URNG into the country's political life at the end of the peace negotiation process, agree to promote such action before the Congress of the Republic.

Second Commitment. In view of the request made by the political parties to suspend actions or operations that can adversely affect the electoral process, the Guatemalan Government and the URNG have positively accepted this request and have agreed to adopt the appropriate measures to achieve this purpose.

In this regard, they agree to fully respect the political activities that may be conducted during the political campaigns, the electoral events, and the activities related to the elections and carried out by both the electoral authorities as well as by all national institutions and organizations participating in its organization, verification, or observation.

The URNG, as a goodwill gesture and in the spirit of facilitating the exercise of the political rights of the Guatemalan people, will unilaterally suspend its offensive military operations between 1 and 13 November. [end recording]

The Contadora Declaration was signed by Rosada Granados and Antonio Arenales on behalf of the Government's Peace Commission; by Pablo Monsanto and Gaspar Ilom, the URNG commanders; and by the representatives of the Guatemalan political parties and the members of the political commission of the Central American Parliament.

Honduras

President Reina: Reforms To Include Armed Forces

PA2608174995 Panama City ACAN in Spanish 0000 GMT 25 Aug 95

[FBIS Translated Text] Tegucigalpa, 24 Aug (ACAN-EFE) — President Carlos Roberto Reina today announced that the Honduran Armed Forces will also be affected by the new plans to reform the state-owned structures, plans that include mergers, closures, or privatization of government entities.

"Since when are the Armed Forces alien to Honduras?," Reina asked at a news conference held after meeting with government officials and business leaders who voiced their support to the Public Administration Reforms Program [Programa de Reformas a la Administracion Publica] (PRAP).

The plan includes measures in six public administration areas ranging from personnel downsizing to closing down of certain institutions and the privatization of others, such as the Honduran Telecommunications Enterprise (Hondutel), which the military has been managing since the mid 1970's.

The PRAP, which is expected to be implemented starting in mid 1996 after Congress approves it, also intends to create new laws and systems for the management of public administration finances and personnel.

The Honduran president affirmed that the Armed Forces cannot be alienated from this reform process, which, otherwise, will have only a partial scope.

The incorporation of the military sector into the reform program will be "for the sake of the entire Honduran nation and the Armed Forces," which cannot "remain separated from what Honduras is," the president pointed out. He failed, however, to detail what measures will be taken with the military sector.

The military ruled Honduras for 20 years, from 1962 to 1982, except for a brief period between 1971 and 1972. Nowadays, the Armed Forces claim to have approximately 17,000 members, including police agents. Unofficial sources, however, estimate the amount of military members to exceed 20,000.

President Reina Meets With State Modernization Commission

PA2808035795 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 24 Aug 95

[Report on interview with President Carlos Roberto Reina by Jose Danilo Izaguirre; place not given, on 23 August; from "The Morning Paper" newscast]

[FBIS Translated Text] [Izaguirre] The commission dealing with state modernization met yesterday with various Honduran sectors to reach certain agreements for the benefit of what is considered modernizing the state. Present were Honduran Journalists Association President Adan Elvir, COHEP [Honduran Council for Private Enterprise] President Adolfo Facusse, representatives of Honduras' four universities, workers and private enterprise representatives, and former presidents of the Republic.

Once this draft bill was analyzed, President Carlos Roberto Reina was interviewed, and he spoke about yesterday's support to all sectors:

[Begin recording] [Reina] It is a great satisfaction for me, and you were present during the discussions, where a cross section of the country was represented. I believe that it is one of the exceptional occasions in which two former presidents gave their approval to government actions. You can well understand that I feel very satisfied.

On Friday we are going to extensively discuss this further with agreement [convergencia]. This is why I did not want to deliver a news conference today, and why I, instead, held this meeting with you, which has been of great satisfaction for me. Honduras is on the right track; all citizens, all important sectors, have understood the intended course of the state modernization and agreement. I thank all of you for your presence.

[Izaguirre] One question, Mr. President, [words indistinct] dengue [words indistinct] health.

The prosecutor general of the Republic issued a decree stating that no person can speak against the Prosecutor General's Office or the administration or call Mr. Edmundo Orellana superman, as otherwise the person goes to jail.

[Reina] I think that is somewhat exaggerated, because of his fiery temper. But I believe that bit by bit respect for institutions and also respect for people, which is logical — a two- way street — is setting in.

Regarding dengue, I invite you to come on Tuesday, when for the first time, as far as I can remember, each of the ministers will be in a department and the president here in the capital, to show the motivation we have to fight this disease, which was as we did with the Costa Rican president.

[Reporter] Will an emergency be declared, Mr. President?

[Reina] Not yet. I follow what the technicians, what the World Health Organization, establishes as parameters for this. I do believe that cases have been far less than in neighboring countries.

[Izaguirre] Mr. President, were you exerting pressure when you said in an interview that you agreed with me that extensive interrogations were taking place in the country's ordinary tribunals, in other words, in the states' jurisdictional organs? The prosecutor general of the Republic said that you are mistaken.

[Reina] Daily life in Honduras is covered by the press. The only thing I said is that I considered that the interrogations were too prolonged and that extensive interrogations go against the human rights of those being questioned because this is a way of exerting pressure.

I uphold this idea as a Honduran citizen, because I have my rights as a citizen and as a complete defender of human rights.

[Izaguirre] Mr. President, what truth is there that the ambassadors to Spain and Costa Rica will switch posts?

[Reina] I do know about ambassadorial changes, but these are just ideas that have circulated; no decisions have been made for the time being. There was word about sending the ambassador in Costa Rica to Spain; he has many roots in Costa Rica, where he has spent several years, but this is still only a proposal. As soon as circumstances so require, but I believe that... [12-second break in reception]

[Izaguirre, in progress] ...Don Edgardo Paz Barnica and Don Carlos Montoya.

[Reina] I have no comment to make about that. The dismissal of Don Carlos Montoya and Dr. Paz Barnica — it was not our intention to dismiss them — they were simply admonished by the foreign minister, who is their immediate superior, and told to be very careful when making statements.

[Izaguirre] Regarding testimony by Dona (Angelina Ulloa Duarte de Bennett), Mr. President, what are your comments after this became public knowledge?

[Reina] [words indistinct] personal before Honduran justice, which should not be without [words indistinct]. Trials have a very confidential part, precisely for the neat application of justice. [end recording]

[Izaguirre] Honduran President Carlos Roberto Reina was asked what he thought of Sunday's booing session at the National Stadium during the farewell to Gilberto Yearwood, and he replied that there are many ways to acclaim.

[Begin Reina recording] [words indistinct] it was at the moment I was handing it to Gilberto Yearwood. I do not think anyone can be against that. It is a way to agree. [end recording]

Nicaragua

Conflict With Colombia Over San Andres Island Viewed

Colombian Combat Planes Deployed

PA2508195995 Managua BARRICADA in Spanish 25 Aug 95 p 2

[Report by Freddy Garcia Eschke]

[FBIS Translated Text] The conflict between Nicaragua and Colombia over possession of San Andres Island and the establishment of a maritime border that violates Nicaraguan sovereignty could worsen in the next few hours due to measures adopted by Colombian President Ernesto Samper.

Unofficial sources reported last night that Colombia deployed to San Andres Island a squadron of Israeli made combat planes to be stationed on that island, which our country claims.

Colombian media reported that President Samper has voiced his intention to break relations with Nicaragua within coming hours.

It was reported in official Nicaraguan circles that our country will resort to The Hague International Court to settle this conflict, and it was said a break in relations is a sovereign decision any country is entitled to make.

Meanwhile, Costa Rican Foreign Minister Fernando Naranjo Villalobos, who is participating in a meeting of Central American foreign ministers in our country, has said this matter pertains only to the countries involved.

During a news conference, the Costa Rican foreign minister delved into the regional integration process and advocated the opening of borders and Central American brotherhood. He was careful, however, not to involve his country in the Nicaraguan-Colombian conflict when questioned by the journalists.

Costa Rica has signed agreements with Colombia recognizing the border established recently on a map—something which affects the territorial sovereignty Nicaragua is demanding—published in that South American country.

As a pacifist country, we would like you to resolve your conflicts, Naranjo has said. He has said Costa Rica, as Nicaragua's neighbor, is concerned over the absence of a solution that can only be reached through a negotiation between the two countries.

Foreign Minister Ernesto Leal confirmed yesterday afternoon that Nicaragua will resort to The Hague International Court to settle the conflict caused by the publication of a Colombian map that establishes parallel 82 as the border with our country. Leal described this development as inconceivable.

This is completely out of order, because it gives Nicaragua a maritime zone of only 90 miles when international agreements recognize 200 miles of exclusive maritime zone for any country and up to 350 miles for the continental shelf, a Nicaraguan official has said.

Costa Rican Minister Naranjo Villalobos was one of the first Central American foreign ministers to arrive in our country to attend a meeting that starts today to discuss Central American integration problems.

Leal on Colombian Call To Break Ties

PA2808005595 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 25 Aug 95

[From the "National Newscast"]

[FBIS Translated Text] According to news reports from Colombia, the governor of San Andres has asked the president of Colombia to break relations with Nicaragua and to expel Nicaraguan citizens from that island.

[Begin Nicaraguan Foreign Minister Ernesto Leal recording] The governor of San Andres was appointed by the Colombian Government. I believe President Samper has not reacted in that direction. I view as repressive all measures or suggestions from any governor of a Nicaraguan territory when these measures are aimed at trying to repress Nicaraguan citizens who live in the island of San Andres.

I hope the Colombian Government will think seriously about this. I do not expect this kind of attitude from the Colombian Government. [end recording]

Nicaragua expects to discuss with Colombia this problem during a meeting of the Rio Group on 4 and 5 September in Ecuador.

Police Chief: Crime Rate Increases by 13 Percent

PA2808183295 Managua BARRICADA in Spanish 26 Aug 95 p 5

[Article by Freddy Garcia Eschke]

[FBIS Translated Text] Brigade Commander Fernando Caldera Azmitia, director general of the National Police, said yesterday that criminal activities are growing each year by 13 percent, four times Nicaragua's population growth rate, but the police does not have the capability to deal with it.

Caldera made his statements during a breakfast with the members of the American Chamber of Commerce, who promised the police chief they would form a commission to support the National Police.

The police chief said that as a result of the fight against drug trafficking, more than 4,000 persons have been arrested in the past five years, which he said was an important achievement of the institution. The majority of these people, however, is free.

During that same period more than 10,000 lbs of cocaine were confiscated.

Caldera said the main difficulty faced by the police is the shortage of financial resources, which diminishes their operational efficiency in their efforts to preserve public order and to provide protection to citizens.

He also said that the establishment of a relationship of cooperation with the media and the expansion of the cooperation and exchange of information with the police forces of other countries, both in Central America as well as beyond the American continent, were also achievements of the National Police during the same period.

The police director talked about the need to strengthen the legal aspects of the police corps because their legal status is currently based on an executive decree.

The institutionality of the police requires "a broader, more specific law regulating the missions and duties of the National Police," he said.

Commander Caldera explained other difficulties faced by the National Police: the atmosphere of political polarization that prevails in the country and the persistent economic crisis, which is generating a high unemployment rate and social discontent.

These conditions, he said, "serve as a breeding ground for the proliferation of crime and favorable conditions for public disorder."

Fernando Robleto Lang, second vice president of the American Chamber of Commerce of Nicaragua, said it is necessary for the entire civilian society to support the work done by the police and announced the creation of a fund and an association for such purposes.

Robleto Lang said these funds will be channeled to specific programs to help the National Police, such as for the purchase of fixed assets, vehicles, and the training of its members with the purpose of improving the efficiency of the police corps.

Panama

Vice President: U.S. Must Ask for Military Bases To Stay

PA2808235795 Panama City ACAN in Spanish 1852 GMT 28 Aug 95

[FBIS Translated Text] Panama City, 28 Aug (ACAN-EFE) — The United States must ask Panama for the stay of its military bases along the Panama Canal after the year 2000, Panamanian Vice President Gabriel Altamirano Duque affirmed today. He said Washington has remained officially silent so far.

"It is not about negotiating military bases; it is about those interested explaining first whether they want to renegotiate the permanence of the bases," he told ACAN-EFE when asked about the agenda President Ernesto Perez Balladares will follow in Washington during his official visit on 6 and 7 September.

On 3 September, the Panamanian head of state will begin a 20-day tour of Ecuador, the United States, and Asia to promote foreign investments in the areas of the Panama Canal the U.S. Government will revert to Panama before the year 2000, in compliance with the 1977 Panama Canal Treaties.

President Bill Clinton will welcome Perez Balladares at the White House on 6 September to analyze political, economic, and social issues of bilateral interest. It has been insisted, however, that the "issue of the bases" is not included on Perez Balladares' agenda.

Questioned in this regard, the Panamanian first vice president insisted he is unaware of whether the issue of military bases is included on the Panamanian president's agenda.

Altamirano said any initiative "must come from the U.S. Government. If they need the bases, they would have to ask us, and, then, a plebiscite must be held in case there is a change, because this is what the Constitution and the law stipulate."

"In any event, they (the United States) are the ones interested in staying here. Now, if they are not interested in staying here, of course they will not stay," the country's first vice president said.

Vice President Altamirano insisted that "so far, I am unaware as to whether they have requested the permanence of the military bases. They may do it in the future. I do not know."

Military sources have reported in Washington that the U.S. Joint Chiefs of Staff has decided, for the time being, to halt the decision to keep 5,000 soldiers in Panama after the year 2000, as Southern Command chief General Barry McCaffrey has recommended, awaiting a political decision.

The sources have said the Army's ground forces, which at the beginning had opposed leaving soldiers in Panama, have accepted to withdraw its reserves until politicians from the two countries make a strong decision in this regard.

The Panamanian high-ranking official today talked about the issue of the military bases after opening the international forum "The Immediate Challenge," which the Association of Real Estate Brokers (ACOBIR) organized.

At the forum, which will end on 29 August, ACOBIR President Jose Angel del Valle wanted to know "now" how the military bases will be used. Seven foreign experts in base dismantling and their conversion into industries were invited to the forum.

Altamirano pointed to the need to promote foreign investments in the areas and facilities that the United States will revert within the next five years and that have been appraised between $5 billion-$30 billion.

On 2 September, the United States will revert Forts Davis and Espinar, both of which are located at the Atlantic side of the Canal, one day before President Perez Balladares starts his tour. During his tour of Asia, he will promote investments at the two military installations.

Taiwanese investors have voiced their interest in creating a "large industrial park" at these forts because of the port facilities the Panama Canal has, the operations the Colon Free Zone has in that area, and the existence of an international financial center consisting of 110 banks in this capital.

Cabinet Council Approves Posts in Canal Alternatives Office

PA2808230795 Panama City LA PRENSA in Spanish 26 Aug 95 p A-1

[(Report by Ibeth Vega G.)]

[FBIS Translated Text] The Cabinet Council has approved the appointment of one honorary commissioner and three advisers in the Foreign Ministry's Permanent Office of Panama Canal Alternatives (OPAPC).

According to Executive Decree No. 286 of 8 June, the new OPACP honorary commissioner is Juan Jose Amado III, who is serving as ambassador to Japan.

In addition, yesterday's GACETA OFICIAL promulgated the appointments of Augusto Zambrano, Ricardo Alberto Arias, and Fernando Manfredo as new members of the OPACP Advisory Council.

Zambrano is the deputy administrator of the Interoceanic Region Authority (ARI).

Arias and Manfredo hold the offices of ambassador to Washington and director of the Panama Canal Universal Congress Commission, respectively.

The OPAPC was created by Executive Decree of 20 October 1993, and it is responsible for preparing the bases, terms of reference, and the necessary work schedules so that the government can undertake a project for expanding and modernizing the waterway.

The aforementioned project is the result of the study made by Panama, the United States, and Japan that has recommended as an alternative the construction of a third set of locks with a capacity for vessels weighing up to 150,000 tons.

Panama, the United States, and Japan carried out a long series of studies on Canal alternatives that culminated in 1993, in light of the possibility that the waterway may become obsolete in the next few decades for high draft international maritime traffic.

Carrying out such an important task would entail an investment of millions of dollars although the OPACP should evaluate the approximate cost of the project.

Argentina

Army Chief Foresees 'Military Integration' in Mercosur

PY2808192395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2327 GMT 26 Aug 95

[FBIS Translated Text] Mendoza, 26 Aug (NA) — Lieutenant General Martin Balza, the Army chief of staff, has emphasized that, in the future, there will be a "military integration" among the Mercosur [Common Market of the South] nations.

Following his meeting with high-ranking Army officers in Mendoza Province, Balza noted: "Undoubtedly, there will be a military integration phase as the Mercosur develops."

After describing as "very smooth" the ties with the Armed Forces of neighboring countries, the Army chief of staff anticipated the possibility of the Brazilian, Paraguayan, and Uruguayan military forces working jointly for the defense of the Mercosur.

In this regard, Balza described as a background for this probable integration the exercises currently being carried out with the participation of Brazilian, Paraguayan, Uruguayan, and U.S. military personnel.

Balza also emphasized the relations with the Chilean Army, headed by former dictator Augusto Pinochet. He said these relations are being developed "within the framework of understanding, cooperation, and mutual respect."

Agreement on Promoting Investments Reached With Cuba

PY2908015695 Buenos Aires TELAM in Spanish 1315 GMT 26 Aug 95

[FBIS Translated Text] Buenos Aires, 26 Aug (TELAM) — The Foreign Ministry has reported that Argentina and Cuba have signed in Havana an Agreement on Mutual Promotion of Investments, with the goal of creating favorable conditions for collecting on the Caribbean country's $1.2-billion debt.

The Foreign Ministry report points out that the agreement "favors the possibility of converting the Cuban debt into risk investment" as the Cuban debt already "is part of the Bank of Investment and Foreign Trade capital."

The Foreign Ministry report notes: "The agreement on investments establishes that Argentine capital entering Cuba will be treated as domestic capital. It also includes a most-favored nation clause, a system for settling disputes, and the repatriation of capital and interests."

The agreement was signed on 25 August by International Economic Relations Secretary Jorge Campbell and Raul Taladrid, Cuban vice minister for foreign investment and economic cooperation.

Campbell also met Carlos Lage, the vice president of the Council of State, and Economy and Planning Minister Jose Luis Rodriguez.

During a telephone conversation before returning to Argentina, Campbell noted: "These agreements are creating an appropriate framework for the participation of Argentine companies in the economic transformation process being implemented by Cuba."

In this regard, it was reported that both YPF [Government Oil Deposits] and Bridas have expressed their interest in participating in the construction of a fuel tank in Puerto Matanzas, a gas pipeline, and oil refineries.

Other Argentine companies might participate in the construction of tourist compounds; iron, steel, and metallurgical projects; large-scale production of vegetables; manufacturing paper from sugar cane bagasse; and asssembling vehicles.

Campbell explained: "These possibilities, including areas in which Argentine companies have significant experience, are being reviewed."

The international economic relations secretary added: "The breakthrough being achieved in the Cuban debt issue and the agreement on investment guarantees indicates a specific possibility of substantial changes in the relations between the two countries."

The Cuban debt was contracted in the 1970's when the Cuban government secured loans from the Argentine government totalling more than $1 billion to purchase foodstuffs, agricultural equipment, and cars.

Uruguay's Sanguinetti Starts Two-Day State Visit

PY2808171895 Buenos Aires TELAM in Spanish 2222 GMT 27 Aug 95

[FBIS Translated Text] Buenos Aires, 27 Aug (TELAM) — Uruguayan President Julio Maria Sanguinetti arrived in Argentina at 1920 local time, on a two-day state visit.

The Uruguayan head of state arrived aboard a hydrofoil that arrived at the northern dock of the Buenos Aires Port, where he was received by Argentine Foreign Minister Guido Di Tella.

German Embassy Requests 'Temporary Custody' for Priebke

PY2808204295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2042 GMT 25 Aug 95

[FBIS Translated Text] Buenos Aires, 25 Aug (NA) — The Argentine Foreign Ministry reported this afternoon that the German Embassy in Buenos Aires asked the Argentine government today for the "temporary custody" of former Nazi officer Erich Priebke for his subsequent extradition to Germany.

Through a communique, the Foreign Ministry indicated that the German Embassy requested Priebke's extradition to stand trial in Germany "for the crimes established in an arrest warrant issued by a Dortmund city lower court on 9 June 1995." [Buenos Aires TELAM in Spanish at 2313 GMT on 25 August in a 35-word Bariloche-datelined report adds: "Pursuant to a warrant issued by Federal Judge Leonidas Moldes, former Nazi officer Erich Priebke is being held in temporary custody in his house beginning tonight. The judge honored a petition filed by the German Government with the Argentine Foreign Ministry."]

Provincial Elections Discussed

95SM0479A Buenos Aires LA PRENSA in Spanish 14 Aug 95 pp 12-13

[Article by Mariano Gondar: "Seven Provinces Elect Their Leaders"]

[FBIS Translated Text] **Power Structure in the Country Being Completed**

Between September and October, Santa Fe, Neuquen, Tierra del Fuego, Jujuy, Salta, Formosa, and Chaco will be deciding on their governments. Along with the election of the Buenos Aires mayor, they will complete the power structure for the next four years. Governors and vice governors, provincial congressmen, mayors, and municipal authorities will be elected.

The Provincial Elections

Seven governors remain to be elected throughout the country to complete the power structure for the next four years. These are the provinces, dates, and officials to be voted for in each of them:

Province	Election Date	Officials To Be Voted For
Santa Fe	3 September	governor, vice-governor, 19 senators, 50 congressmen, 42 mayors, 187 council members
Chaco	10 September	governor, vice governor, 16 congressmen, 69 mayors, 476 council members
Tierra del Fuego	24 September	governor, vice governor, 15 congressmen, 2 mayors, 14 council members
Salta*	1 October	governor, vice governor, 11 senators, 30 congressmen, 58 mayors, 307 council members
Formosa*	1 October	governor, vice governor, 15 congressmen, 19 mayors, 165 council members
Jujuy*	1 October	governor, vice governor, 24 congressmen, 21 mayors, 136 council members
Neuquen	8 October	governor, vice governor, 25 congressmen, 18 mayors, 112 council members

Note: All the offices for election are provincial. Municipal office-holders also are being elected.

* A governor is elected according to the "lemas" law [a system allowing for multiple candidates for office per party].

Despite the overwhelming PJ [Justicialist Party] victory on 14 May, elections must still be held for governor in seven provinces, as well as for mayor in the federal capital, to complete the power structure for the next four years.

Santa Fe, Salta, Neuquen, Chaco, Formosa, Tierra del Fuego, and Jujuy must decide on their provincial executive. In nearly all the districts (two governed by the PJ and the rest by provincial forces), the outlook for the party in power is not too optimistic because, although

Carlos Menem won the majority, the Justicialist Party obtained fewer votes than the presidential ticket.

In Salta, Jujuy, and Chaco, the Menem-Ruckauf ticket received the backing of strong provincial parties. In Neuquen, it benefited from the absence of national candidates from the local groups.

The great mystery to be solved is: How will the Justicialist Party fare in those provinces without carrying Carlos Menem's name on the ballots? Thus far, the president has appeared as the only guarantee of a sure victory.

After Bussi's victory in Tucuman, the next election will take place in Santa Fe, on 3 September. In this province, the "lemas" law enabled the PJ, in 1991, to install Carlos Reutemann in the governor's office, when the first minority was that of the Radical, Horacio Uzandizaga.

The Peronists are now preparing to take maximum advantage of this constitutional option, for which they are running the congressman, Oscar Lamberto; Juan Carlos La Fuente (mayor of Coronda); the national senator, Luis Rubeo; the ex-inspector of sanitary works, Eduardo Cevallos; Hector Cavallero (the current mayor of Rosario); and the ex-ambassador, Raul Carignano. Carlos Reutemann is running for deputy on the "I Believe in Santa Fe" ticket.

The Radical Party has opted to form a super-ticket with the Socialists (headed by Guillermo Estevez Boero), a sector of Frepaso [Socialist Patriotic Front], and the Democratic Party (represented by Alberto Natale). All the candidates on the "Santa Fe Alliance" super-ticket would ultimately combine their votes for the Radical, Horacio Usandizaga, who, according to the polls, is the favorite. The other sub-tickets are running Carlos Fascendini and Ernesto de Mattia; and the candidate for Frepaso is Lorenzo Dominguez. The Grand Front, headed by the metal workers' union leader, Alberto Piccinini, has decided to present a slate of its own.

For Chaco residents, the election on 10 September will be polarized between the governing party, Chaco Action, which is promoting Ruiz Palacios as a candidate, and the PJ. To preclude this possibility, Frepaso has decided to back the Radical slate. Carlos "Chacho" Alvarez and Jose Bordon have agreed: the Radicals Angel Rozas and Miguel Pibernus will make up the combined slate. Chaco Action, for its part, will present Florencio Tenev and the singer, Elio Roca.

On 24 September, Tierra del Fuego will decide on its provincial authorities. After the internal election on 2 July, the Justicialist, Mario Daniele, mayor of Ushuaia, will be the PJ's candidate for the governor's office. His running mate will be Esteban Martinez, with whom he will attempt to defeat the party in power, Tierra del Fuego People's Movement [Mopof], whose slate consists of the present governor, Jose Estabillo, and Miguel Angel Castro. The Justicialist Party believes that it will obtain more votes because of the ineffectiveness shown by the ruling party, Mopof, on the occasion of both incidents in which it participated during April (a metal worker, Victor Choque, died as a result of the provincial police repression), and the wave of layoffs that occurred in Tierra del Fuego factories.

In Formosa (which also employs the "lemas" law), the PJ appears as a sure winner. The candidate for the 1 October elections will be the current vice governor, Gildo Infran. The Peronists are attempting to continue their supremacy, as they have since 1983. In this province, the UCR [Radical Civic Union] and the Grand Front have not decided on their respective candidates, because they hope to form an alliance. However, the name of Juan Carlos Bedolla was being mentioned among the Radicals. Nevertheless, the Radicals already have a sub-ticket, "Citizen Action," which is running the national congressman, Jose Maria Parajon, and the rural movement candidate, Rodolfo Zieseniss.

In Jujuy, another province in which the "lemas" law is in effect, the date also will be 1 October. The Jujuy Electoral Court authorized no fewer than 379 sub-tickets for only three forces. The PJ launched four candidates: Senator Guillermo Snopek, the mayor of San Pedro, Julio Moises, and the head of the legislature, Fernando Arnedo. The present Justicialist governor, Oscar Perassi, will be the fourth member of the Jujuy Peronist sub-ticket.

To be presented on behalf of the Jujuy Popular Movement is the national congresswoman, Cristina Guzman, who, together with the Republican Force (nominating Horacio Conesa Mones Ruiz), has formed the "Popular Force" Alliance. The UCR, PAIS [Broad Socialist Left Party], the Civic Renewal Movement [Moreci], and the Intransigent Party will comprise the "Civic Front." For the present, the candidates are the Radical, Gerardo Morales, and the national congressman from Moreci, Pedro Figueroa.

Next in turn are the residents of Salta, where the "lemas" law is in effect as well. Despite the victory of the Menem-Ruckauf ticket, out of expediency, in numbers of congressmen the victory went to the ruling Renewal Party (PR). The PJ will present Juan Carlos Romero as a candidate (it is still unknown what ex-minister Julio Mera Figueroa will do), and his rival from the PR will be congressman Jorge Folloni. The UCR, the MID [Integration and Development Movement], the Social

Democratic Party and the Grand Front have combined in an attempt to improve their electoral chances. As their members announced, if they should win the elections, the force will form "a coalition government." In this case, the candidate will be the UCR's provincial congressman, Jose Maria Farizano.

In Neuquen, a prediction is impossible, owing to the influence of the Neuqen Popular Movement (MPN). The PJ maintains good relations with the present governor, Jorge Sobich (of the MPN), although he will not be running for reelection, because Felipe Sapag defeated him in the party's internal elections.

[Box, p 13]

The Peronist Dilemma

The provincial elections will unquestionably be an uphill battle for the Justicialists, who will have to confront not only provincial forces and alliances formed by the opposition parties, but also the 18.6 percent unemployment and the resulting social crises. Another specter afflicting the Peronists will be the absence of Carlos Menem's name from their ballots.

Although the opposition had been speculating that the measures announced by Menem would have a favorable effect for its candidates, this was not the case. The harsh criticism from the various social sectors caused a predicament that is not very encouraging for the party in power. However, the goal will be to retain the provinces that they are governing and to win a few others, or at least to make a decent showing.

For the Radicals, after the defeat in Tucuman, their best bet will be Santa Fe, with Horacio Usandizaga. The strategy of forming alliances in various districts is an accomplished fact: in Santa Fe, Chaco, Salta, and Formosa, the UCR has joined other political parties. Jujuy is another district in which some Radicals are betting on a good election. In Chaco, the expectations are "good," but not enough to hope for a win. In Neuquen, on the other hand, no one denies that a defeat is expected; whereas in Salta they only hope to gain seats in the legislature and a few mayoralties

However, the party convention is betting on all or nothing: the effort is focused on winning one of the governor's offices, to distinguish itself from Frepaso and to recover the opposition role.

The Grand Front and PAIS do not have the same force in all the districts. In some provinces, their leaders have adopted different strategies. "It is not a problem between Bordon and me," as "Chacho" Alvarez told LA PRENSA in a denial.

The lack of good candidates of its own was already evident in Mendoza, where Frepaso supported the Radical, Victor Fayad. In the next elections, something similar will occur in Chaco, where it was decided to support the Radical, Angel Rozas.

To improve his prospects, Alvarez traveled to that district, and will also visit Formosa and Neuquen. In the Patagonian province, the Grand Front members hope to make a good showing: the candidate for governor, Oscar Massei, is an ex-Justicialist recognized in the area. In Formosa, the Grand Front is dreaming of winning the capital mayoralty because, on 14 May, 90 percent of the force's votes were cast in the central part of the city. In Santa Fe, on the other hand, there was no agreement, not even internally: PAIS and the Socialists became allied with the Radicals, while the Grand Front, with Alberto Piccinini leading it, is going its own way.

For the provincial forces, it is a different story. The premises are similar insofar as strategies are concerned: the idea is "to show a democratic image to the electorate."

The Tierra del Fuego People's Movement will have to evade its bad record: the ineffectiveness of the governor, Jose Estabillo, during the events in April, in which the police repression left a toll of one worker killed. This incident will have a negative effect on them when it is time to vote.

Chaco Action is attempting to win over women who, it claims, are the ones suffering most from the crisis. Its proposals are aimed at the creation of job sources to combat their high unemployment rate. In the economic area, it is supporting a change in the marketing of the province's products which, according to its candidate for governor, Jose Ruiz Palacios, "we know how to produce, but not how to market."

Brazil

Cardoso Proposes Compensating Families of Missing Persons

PY2908012595 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 28 Aug 95

[Report by Luiz Augusto Mendonca at Planalto Palace. Portions in quotation marks recorded]

[FBIS Translated Text] The Congress today received a bill whereby the Brazilian government acknowledges its responsibility for the disappearance and death of civilians during the Brazilian military regime.

The bill provides for compensation to the families of 136 missing individuals. Compensations range between

100,000 and 149,000 reals [R] in accordance with the life expectancy of each missing person.

Relatives of other missing individuals may file the appropriate legal action within 120 days to obtain compensation from the state.

President Fernando Henrique Cardoso will appoint a high-level commission to study each case.

In his speech during the signing ceremony of the bill, President Cardoso noted the positive results yielded by the amnesty law passed on 28 August 1979, which at that time was also widely criticized.

"At that time, the draft amnesty law submitted by the executive branch — which was later approved by Congress — also drew a great deal of criticism because it was considered to be timid and inadequate. Today, however, everyone can see the positive political results yielded by the amnesty law. By disregarding the actions committed by either side of the political spectrum, we were able to fully rebuild democracy. Hence, values such as freedom and respect for human rights have been restored in Brazil."

Cardoso also explained why he is proposing a bill to compensate relatives of missing political prisoners.

"It is within the context of a nation that has achieved reconciliation and is willing to make reparations for injustice and omissions that I am proposing this new law. The notion that the state must be the only one vested with the authority to make a legitimate use of force continues to be the cornerstone of our civilized, democratic coexistence. This means that the state or its agents could deprive someone of his freedom or limit his rights only when legal requirements have been rigorously met and following court actions conforming to the constitutional provisions that were independently approved by our constituent delegates.

"This is not what happened during that strife-torn period, which was plagued with political violence and with repressive actions that resulted in violations of both human rights and the state of law."

Cardoso said that by submitting this proposal he was assuming responsibility, in the name of the state, for those violations:

"Today, as the popularly elected head of the Brazilian state and government and as the supreme commander of the Armed Forces, I am hereby assuming responsibility, in the name of the state, for those legal and human rights violations.

"My heart still aches for the loss of [former Deputy] Rubens Paiva. I still grieve for the sad smile of my former student Vladimir Herzog. My heart still grieves for many things that happened during that time of misunderstanding and mistakes. The relatives of both civilian and military state agents who died in the line of duty also share the same grief.

"Our ultimate goal, however, is to strengthen democracy, to build a future for ourselves. This goal will not be achieved through either resentment or revenge."

The president concluded by urging the people to look to the future and to turn this page in Brazilian history.

"Upon submitting this bill to Congress as president of the Republic, I want to urge my fellow Brazilians to turn this page in our history and to look toward the future with the conviction that similar actions will never occur again. I am certain that all those families who cannot stop grieving will take this gesture as an appeal for reconciliation and for saying never again to violence."

Justice Minister Nelson Jobim has just stated that in no way will investigations be conducted into the circumstances surrounding the deaths of political prisoners with a view to finding culprits because the amnesty law, which is a perfectly valid legal instrument, cannot be violated.

After attending the signing ceremony of the bill granting compensation to relatives of missing persons at President Cardoso's office, Jobim met early tonight with some relatives of missing persons to announce that the president had signed the bill acknowledging the state's responsibility. He said Brazil could not look ahead without first having resolved the issue of missing persons.

Jobim said that although the grief of each family is so deep, the nation is now inclined to continue to promote the conciliatory mood that now prevails in Brazil.

General Resigns Over Proposal on Missing Persons

PY2908034695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Aug 95 Section 1 p 11

[Article by Emanuel Neri]

[FBIS Translated Text] Upset about the government project that contemplates legal recognition of the death of political prisoners who have been missing, as well as compensation to their families, General Murillo Neves Tavares da Silva, commander of the 7th Military Region of the Northeast, has requested to be placed on the retirement list.

Gen. Silva disagrees particularly about the decision to compensate the families. FOLHA DE SAO PAULO has found out that Gen. Silva had already expressed his dissatisfaction to Army Minister Zenildo de Lucena. He told the minister that to prevent acts of indiscipline, he would retire.

The minister met his demand and transferred him to the reserve. On 21 August, Gen. Silva was replaced by General Walter da Costa, commander of the 10th Motorized Infantry Brigade of Recife (PE) [Pernambuco].

The 7th Military Region, which is based in Recife, comprises the Army detachments of Pernambuco, Rio Grande do Norte, Paraiba, and Alagoas. It is subordinated to the Military Command of the Northeast, which covers all the northeast region states.

Gen. Silva, 58, who was born in Maranhao State, would have remained in the Army seven more years to complete the 12 years a general of his rank normally serves. He had been a brigade general for four years and a division general for one year, and could still have been promoted to army general.

FOLHA DE SAO PAULO also found out that there are other military officers dissatisfied over the government project. During the military regime (1964-1985), 369 people who opposed the government died. Of these, 152 are still considered missing.

Military dissatisfaction over the project has been worrying the government. On 18 August, President Fernando Henrique Cardoso said that the project will not go beyond the limits of the Amnesty Law of 1979. He addressed military officers of the 27th Battalion of Infantry Parachutists posted in Rio de Janeiro.

Before him, Navy Minister Mauro Cesar Pereira spoke against the decision to investigate responsibilities for the death of opponents during the military regime. He asked for "a great deal of attention" in dealing with the project, because — according to him — "several missing people are still quite alive." He did not, however, mention the name of any one in particular.

In an official communique, the Army Ministry said it "opposed any investigation to detect responsibilities" over the death of missing people, as some families have requested. The episode with Gen. Silva is the first act of rebellion against the government project.

On 22 August, FOLHA DE SAO PAULO contacted several of Gen. Silva's aides. They confirmed the general's dissatisfaction, but asked this newspaper not to reveal their names. Gen. Silva deems the decision to pay indemnizations to the families an act of revenge.

Silva, who belongs to the conservative faction of the Army, disagrees with the criticism of human rights organizations that the military were involved in political repression during the military regime. At the time, he was an Army captain. According to him, no one defends the military.

He complains that other members of the military class fail to defend the Armed Forces' actions during the military regime. One of his aides said that he cannot forgive some of his military colleagues who agreed to the government's project concerning the missing persons.

PFL Rejects Proposals on Bank Secrecy, Compulsory Loan

PY2908000895 Sao Paulo AGENCIA ESTADO in Portuguese 2206 GMT 25 Aug 95

[Report by Joao Domingos]

[FBIS Translated Text] The first problem for the government and its weakened congressional base regarding tax reform is that Deputy Regis de Oliveira (PFL-SP) [Liberal Front Party-Sao Paulo], rapporteur of the bill in the Constitution and Justice Committee, CCJ, has obtained the PFL's support in rejecting the proposal to create a compulsory loan and to lift bank secrecy. PFL Deputy Inocencio Oliveira (PE) [Pernambuco] has suggested that the government withdraw these two proposals now, before the amendment is discussed in the CCJ and rejected. "If the administration withdraws it, it will avoid losing face because these two proposals will not pass," said Inocencio, leader of a bloc of 94 deputies.

The discomfort felt in the government base extends to all parties but it is more evident in the PFL. The situation of the PFL has changed with the case of the Economico Bank. The PFL is strong in Bahia State. Some of its members include: Chamber of Deputies President Luis Eduardo Magalhaes; his father, Senator Antonio Carlos Magalhaes, and deputies who have always supported the government such as Benito Gama, government deputy leader in the lower house; Manoel Castro; and Jose Carlos Aleluia. However, some party members question this support.

CCJ Chairman Roberto Magalhaes (PFL-PE), who has always remained independent of the administration but who approved all the economic amendments, is heading a rebellion. He has a strong position in the party, precisely because of his independent attitude. He says that the rebellion "is not against the administration" but "in favor of the assertion of the PFL."

Roberto Magalhaes has written letters to Luis Eduardo Magalhaes, Inocencio de Oliveira, and PFL President Jorge Bornhausen questioning the current and future attitude of the party: "Can the PFL continue to be a party that only says yes to President Fernando Henrique Cardoso? What will happen when the constitutional reform ends?" At the end of the letter Roberto Magalhaes states: "We must build a party open to society, independent to the point of even voting against the administration's proposals."

The discomfort among the parties that support the administration — PMDB [Brazilian Democratic Movement Party], PFL, PSDB [Brazilian Social Democracy Party], PPR [Progressive Renewal Party], PP [Progressive Party], PL [Liberal Party], and the PTB [Brazilian Labor Party] — makes the situation more difficult because, contrary to what happened during the first half of the year when the economic reforms were approved, the tax and administrative reforms affect the electoral base of each congressman. Moreover, each state, each municipality has vested interests. Thus, a deputy from Minas Gerais can support the tax reform, but a deputy from the same party from Goias can reject it. The same thing happens with administrative reform.

This situation has prompted the party leaders to make a forecast: The government will act with more strength to approve the maintenance of the Social Emergency Fund which, according to the proposal being discussed in the lower house, could be valid until 1999. This is because in order for it come into effect in 1996 it has to be approved this year. The other proposals, such as social security system reform, would be discussed gradually.

Sao Paulo Businessmen Criticize Tax Reform Proposal

PY2908033395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 22 Aug 95 section 1 p 10

[Report by Antonio Carlos Seidl]

[FBIS Translated Text] FIESP (Sao Paulo State Federation of Industries) has harshly criticized the tax reform proposal announced yesterday by President Fernando Henrique Cardoso. FIESP members have described the proposal as "timid, shy, limited," and "shortsighted."

FIESP President Carlos Eduardo Moreira Ferreira has called the proposal "timid." He attributed its shortcomings to the administration's political difficulties in proposing a broader reform.

Moreira noted, however, that the administration has just started a great debate in Congress in the quest for a more "comprehensive" tax reform.

Moreira said FIESP will continue "to fight" for its proposal. FIESP has endorsed a tax reform proposal prepared by the Economic Reserach Institute Foundation (Fipe) of the University of Sao Paulo.

The Fipe proposal has been endorsed by the Integrated Entrepreneurial Action [Acao Empresarial Integrada] (which represents all Brazilian business organizations), by CUT (Sole Workers Center), and by the Union Force.

The Fipe proposal calls for a reduction of the number of taxes to six, which would affect three taxable areas: income, property, and consumption.

Ruy Altenfelder Silva, a coordinator of the Fiesp Higher Council for Political and Social Orientation, has said that the government's proposal is "extremely timid." He believes the proposal will be modified during "a slow, but intense debate" in Congress.

Mario Bernardini, a member of the Fiesp Permanent Group for Industrial Policy, has said that the proposal entails just a reform "in form, not in substance." He added: "I hope the Congress will do its part by changing the administration's shortsighted proposal into a tax reform worthy of its name."

FIESP Director Adauto Ponte said that the administration's proposal is "shy" and "limited." In his opinion, the proposal destroys the federal system and foments a concentration of income.

Commentator Criticizes Government's Tax Proposal

PY2508185295 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 25 Aug 95

[Commentary by Miriam Leitao]

[FBIS Translated Text] The reduction of the ICMS [Goods and Services Movement Tax] rate affecting basic food items will reduce food prices. This is excellent news. It is, however, the only good news about the government's tax reform proposal.

The idea of granting extraordinary powers to the Federal Revenue Secretariat to lift bank secrecy rules is awful. Congressional investigative committees have followed the correct procedure to do this; that is, by obtaining the respective court orders.

Another controversial topic is that of merging the IPI [Industrial Products Tax] with the ICMS, which will only discourage competition among the states. What does Sao Paulo State have which Piaui State does not have? Many things. For this very reason, Piaui should have the power to reduce taxes to attract investors. Rio de Janeiro did that to attract Volkswagen, and Minas Gerais to attract Fiat. Sao Paulo has done this for decades.

Yet, the most controversial point is the compulsory loan. Starting with its name, it will be money taken by the government from the taxpayer, but not a loan. If it were a loan, it would have to be returned to the taxpayer. Up until now, none of the compulsory loans imposed in the past has ever been returned to taxpayers.

Government To Promote Embraer Plane Exports

PY2308151295 Sao Paulo GAZETA MERCANTIL in Portuguese 21 Aug 95 p A7

[Article by Virginia Silveira]

[FBIS Translated Text] The federal government intends to create financial mechanisms to support the export of planes produced by Embraer [Brazilian Aeronautics Company], especially the new 50-passenger commercial jetliner, the EMB-145. This information was released by Planning Minister Jose Serra at a ceremony on 18 August, during which the new Embraer plane was introduced. In a speech delivered at the ceremony, President Fernando Henriqe Cardoso endorsed the minister's statement.

The president said: "The technology developed by the aerospace industry is a strategic factor in the formulation of our national development project, for which reason we will give aerospace technology as much commercial and financial support as possible." The federal government will also carefully study the need to reduce the tax burden on the planes sold by Embraer, Minister Serra said.

"We are proposing a change in the Constitution precisely to relieve domestic export products from a heavy tax burden," Serra said. In the case of the Brasilia plane, for example — which is produced by Embraer — the enterprise must pay seven different types of taxes, which account for almost 20 percent of the plane's price. However, no taxes are levied on imported planes.

Embraer President Juarez de Siqueira Brito Vanderley said the sale of Brazilian-made planes can be promoted by regulating the operation of leasing-exporting companies. "Brazil has no regulations for that type of leasing enterprise. The planes sold through the leasing system are not burdened by taxes," he added.

In the opinion of Vanderly, in addition to reducing the tax burden on its planes, Embraer needs to negotiate with the Sao Paulo government over the ICMS [Goods and Services Movement Tax] that will have to be paid on each plane as of December upon expiration of the exemption granted to Embraer. The state government reduced the ICMS paid by Embraer on the imported parts for its planes from 18 to 4 percent. "We want this exemption to remain in force in 1996," Vanderley said.

Entrepreneurs, Workers Seek Measures To Promote Car Sales

PY2608031295 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 25 Aug 95

[Passages recorded are in quotation marks.]

[FBIS Translated Text] Car manufacturers, car part factories, and workers have united to ask for government help.

Entrepreneurs and metalworkers want urgent measures to revitalize car sales. The yards of car manufacturing plants this afternoon showed [camera shows yards] that production is surpassing demand, because 170,000 vehicles are being held in stock.

Car dealers do their best to convince clients to buy a new car, but neither promotions nor discounts have succeeded. Car sales have dropped since April. The result of this situation is that more than 2,000 workers of the Sao Paulo industrial belt factories lost their jobs in July.

Today, workers and entrepeneurs jointly sent a list of petitions to the government: lifting of time restrictions on credit sales — which today cannot surpass six months — increasing of the period for payment in buyers' clubs to 50 months, and reduction of interest rates.

There was agreement on those three topics. Workers, however, also want job stability.

[Paulo Pereira da Silva, Sao Paulo Metalworkers Union president] "If by 1 September we have no job stability, we will tell the government that no agreement is possible without job stability."

[Silvano Valentino, ANFAVEA — National Association of Automotive Vehicle Manufacturers — president] "Only the market can guarantee the level of production and, consequently, of employment."

The list of petitions was submitted to Brasilia. On 1 September, entrepreneurs and workers will meet with government economic team representatives in an effort to find a solution.

Equity in Agricultural Sales to Mercosur Partners Viewed

PY2908024795 Sao Paulo AGENCIA ESTADO in Portuguese 1939 GMT 25 Aug 95

[FBIS Translated Text] Brasilia, 25 Aug (AE) — At the beginning of September, the Brazilian Administration will formally suggest to the other Mercosur [Common Market of the South] member countries that agricultural produce imports receive the same treatment given to domestic sales. In other words, imports cannot be financed if domestic sales are conducted in cash. Upon making this suggestion official, the Brazilian government will make it very clear to the Mercosur partners that it will not make exceptions and will thus extend until next year the demanded cash payment for corn and rice imports, including those within the Mercosur framework. Since February rice and corn imports can no longer be financed and the resolution demanding cash payment will remain valid until September.

According to Guilherme Dias, secretary for agricultural policy of the Agriculture Ministry, the rules for wheat imports will not be modified because Brazil depends on the foreign product and its international price has increased too much. Guilhermo Dias also said that the maximum term for financing cotton imports will be established in a month. A stricter control on the entrance of agricultural products in the country is part of the new measures the administration will adopt to stimulate the national production of basic products.

No Risk of Radioactive Contamination Found in Sao Joao

PY2508015195 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 24 Aug 95

[FBIS Translated Text] The National Nuclear Energy Commission [CNEN] has ruled out the possibility of people in Sao Joao del Rey, Minas Gerais, being exposed to the danger of radioactive contamination.

Radioactive material continues to be stored at Bahia Minerios and Minerais storage facilities.

(Jose Olivio Nardelli), chief of the Radiological Protection Service of the CDTN — Nuclear Technology Development Center — said on 24 August in Belo Horizonte that the supervisory sector of the CNEN — to which the CDTN is subordinated — has confirmed that there are no risks for the population of the Minas Gerais district of Sao Joao del Rey, where a small amount of radioactive material continues to be stored.

According to (Nardelli), the directorate of the CNEN Radioprotection Service, which is headquartered in Rio de Janeiro, has ordered an inspection of the storage facilities of the Bahia Minerios and Minerais enterprise in Sao Joao del Rey, where radioactive thorium and uranium waste is being kept.

In addition to certifying that the population does not risk contamination, (Nardelli) reported that the CNEN inspection revealed that the employees of the enterprise could only suffer some type of contamination if they were in permanent, extended contact with the materials. This does not occur, (Nardelli) said, because no one works inside the storage facilities.

Energy Official Resigns To Preempt Scandal

PY2808230995 Sao Paulo AGENCIA ESTADO in Portuguese 1935 GMT 25 Aug 95

[FBIS Translated Text] Brasilia, 25 Aug (AE) — Mines and Energy Minister Raimundo Brito has accepted the irrevocable resignation tendered by Paulo Motoki, director of the National Fuels Department (DNC). Motoki, whose irrevocable decision was submitted on 24 August, resigned in light of the possibility of being involved in a scandal similar to the one former Economic Coordination Secretary Jose Milton Dallari was involved in. The Dallari scandal broke out when it was learned that a friend of his — Roberto Mello — who was not in the civil service was unofficially working for him. Mello used to introduce himself as Dallari's adviser.

Motoki's "Roberto Mello" is Fernando Grandinetti, a retired Shell employee. Grandinetti did advisory work for the DNC restructuring project in light of the easing of the Petrobras [Brazilian Petroleum Corporation] monopoly. In a briefing to the Mines and Energy Committee of the Chamber of Deputies on 24 August, Motoki confirmed that Grandinetti did advisory work as "a friend" only. Shell is reportedly paying for the expenses of Grandinetti's stay in Brasilia. The latter is staying at Manhattan Flat.

Article Views Seemingly Changed Foreign Policy Approach

PY2408112795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Aug 95 p A3

[From the "Notes and Information" page: "Foreign Policy and Reality"]

[FBIS Translated Text] It is possible to perceive in Itamaraty's discourse a constant progression — despite the fact that some may consider it hardly marked — towards the real aspects of power. In a speech delivered at the University of Sao Paulo last week, Foreign Minister Luiz Felipe Lampreia set the tone that will guide Brazilian foreign policy at this juncture: "Basing ourselves on our guiding principles, but without assuming a stick-in-the-mud attitude, without the straitjacket of categorizing interpretations — something which served us in the past to assess and describe the world at other stages of its evolution — without longing for the reinstatement of formulas that accounted for past policies and realities, we must modernize our critical discourse about the international status quo so that it does not become frayed or exhausted in sterile confrontations or loose utopias." The foreign minister certainly made his meaning crystal clear.

This diagnosis and this directive are, however, not enough. They must guide the action of Itamarty in its task of executing Brazilian foreign policy. This message must be conveyed to Congress, which today cooperates significantly in the field of foreign policy. One should not forget the fact that current problems are intertwined in such a complex way that they sometimes impose restrictions on the freedom of action of executive agencies, which used to have their hands free because the consequences of their decisions did not go beyond our borders. Today things have changed. Furthermore, the foreign minister turned his attention to three realities which are characteristic of our present time and which amalgamate what was previously divided into domestic and foreign issues.

The first one has to do with the interdependence and interrelatedness of problems and their solutions, something which makes domestic policy options have a direct bearing on "the ability to derive — from Brazil's inclusion in the family of nations — the greater number of tangible benefits for the Brazilian people at the lowest possible cost." With this, Lampreia points out to both his colleagues in the government and lawmakers that it is no longer possible to make decisions on economic, social, and institutional matters without taking into account their respective impacts and repercussions at the international level. In sum, the number of variables that should be taken into account in any decision-making process have not only increased, but the international variable has also become an integral part of nearly all circumstances, ranging from those having to do with caring for abandoned children on the part of the state to macroeconomic changes.

Second, the imperative of creating new jobs has ceased to be a merely marginal consideration and become an overriding one in the framing of policies. This means that besides trying to achieve economic stability and attracting productive investments to satisfy demand for new openings, Brazil must pay close attention to third countries' measures to protect employment. Protectionism, social stipulations, and restrictions on migrations or demographic movements ought to be construed in the light of this new approach, which is determined by the severance of the connection that previously existed between the upturn in economic activity and the creation of new jobs. The participation rate has thus ceased to be a mere domestic policy variable, to become a factor that often shapes foreign policy decisions.

Lastly, the foreign minister acknowledges that, in the search for solutions to global issues, invoking sovereignty and giving precedence to exclusively nationalistic approaches jeopardize the rationality of policies and constitute an unnecessary coercion between partners. Now, with regard to global questions ranging from organized crime to the environment, it is clear that the positions urging the neutralization or the restraining of national selfishness in favor of consensus solutions have considerably increased demands for an innovative position on the part of those responsible for formulating foreign policy — the executive and legislative branches.

It must be pointed out that all this stems from the understanding that despite the imperfections and inadequacies of the supposedly new international order, the last decade of the 20th century is characterized by a dominant tendency gravitating towards democracy, as a political system of government, and a free-market economy, as an economic model. The convergence, or concurrence, of these two factors in a considerable number of countries, and particularly in the group of nations that form the basic core of Western civilization, has established "universal patterns," which countries wishing to excel in the international arena cannot afford to ignore. By committing itself to that diagnosis and by assuming — within its jurisdiction — the task of clearing the way so that our country may become economically competitive and politically trustworthy and reliable, Itamaraty has thrown in its lot with the Brazil that considers itself a flourishing country capable of distributing between its children the fruits of progress.

Justice Minister Shows Antidrug Plan to U.S. Official

PY2608031095 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 25 Aug 95

[FBIS Translated Text] Justice Minister Nelson Jobim has shown the Pro-Amazonia Project to Lee Brown, director of the U.S. Office of National Drug Control Policy.

The project provides for construction of Federal Police stations in border areas, to fight drug trafficking and prevent the invasion of indigenous people's land.

The project, which has not yet been implemented, has already been approved by the Brazilian Government and has been included in the Union's budget.

The project will give operational capacity to the federal police through the construction of 41 stations in border areas, and through the purchasing of ships and communications equipment.

The project will fight not only drug trafficking but the invasion of indigenous people's land. It will also help Ibama [Brazilian Institute for Environmental Affairs and Renewable Natural Resources] and Funai [National Indian Foundation] preserve the environment.

The Brazilian Government will supply $60 million, while $280 million will be obtained from foreign loans.

Lee Brown will take the proposal to Washington, where it will be studied. Brown expressed concern to Jobim about drug trafficking in Brazil.

The minister, however, emphasized that the large cartels have no headquarters in Brazilian territory, adding that Brazil is only an international drug trafficking route.

Fiber Optic Telecommunications Discussed

95SM0478A Sao Paulo RNT in Portuguese Apr 95 pp 12-14

[Article by Ethevaldo Siqueira: "Fiber Optics Integrate the World"]

[FBIS Translated Text] Look at the maps that illustrate this article. They show what the 1997 scenario will be like for Brazil, Latin America, and the world. Sounds incredible, doesn't it? It really is: 1995 may be the golden year of fiber optics. To prepare this special report, RNT obtained access to information that is not widely available. We take a peek at the future of fiber optics in the field of telecommunications.

No longer are fiber optics restricted to the privileged few or found only in laboratories. Likewise, optical communications have surpassed the predictions of science fiction and won their way into everyday life. All the continents have been interconnected: North America, Central America, the Caribbean and South America; Europe, Asia, Africa, and Australia. All the oceans have been cut by a network now big enough to span the distance between the Earth and the Moon. And plenty more is going to happen in this market.

Forecasts made in 1992—solely for the public telecommunications field—suggested that Latin American countries would invest $176 million in 1993 and more than $250 million in 1994. Those levels were easily exceeded: Latin America invested more than $400 million in 1993 and passed the $500 million mark in 1994. If this pace continues, it would be no surprise if the Latin American market for optical cables and systems were to reach $2 billion annually by the end of this decade.

Speaking of undersea cables, the Latin American region is being linked on both the Atlantic and Pacific coasts. Also, terrestrial optical cables are beginning to form a veritable web in the interior of the continent.

The Big Projects

The biggest undersea optical cable projects in Latin America—either in progress or about to be implemented—are the following:

- Americas-1, which connects the United States with the Caribbean, Brazil, and Venezuela. Starting in Florida, this cable runs to the Virgin Islands and from there to Venezuela (Caracas) and Brazil (Fortaleza), after linking the main islands of the Antilles.
- Columbus II, which connects Mexico, the United States, and the Caribbean to Europe. Starting in Cancun on the Yucatan peninsula, this cable crosses the Gulf of Mexico and runs to Florida and St. Thomas. From there it crosses the North Atlantic, passes through the Canary and Madeira Islands, enters through the Straits of Gibraltar, and terminates at Palermo, in southern Italy. Participating in this project are Telmex, AT&T, Alcatel, and other companies.
- Unisur, which connects southern Brazil to Uruguay and Argentina. This system will form the link between the Americas-1 and Columbus II cables via the Brazilian coastline, using the Embratel [Brazilian Telecommunications Company] system. It is composed of undersea and terrestrial cables running from Florianopolis in the south to Fortaleza in the Brazilian Northeast, where it will connect with Americas-1. A consortium comprised of AT&T Submarine Cables, Pirelli, and Alcatel won the contract to lay the Unisur cable, which was completed in Florianopolis in September 1993 and reached Montevideo and Buenos Aires two months later, thanks to the combined efforts of the companies that comprise Telintar, a joint venture of Telefonica Argentina and Telecom Argentina, Embratel, Antel of Uruguay, AT&T, Entel Chile, and Telefonica of Spain.
- Buenos Aires-Santiago is the terrestrial cable that will continue the route begun by Unisur by connecting the Atlantic and Pacific oceans and crossing the Southern Cone.
- Pacific Transit Cable is the name of one of the most ambitious systems—the undersea optical cable that will start from Santiago and run to Easter Island, New Zealand, and from there to Australia.
- Pan-American Link is the name of the marine system that, starting from Santiago, will constitute the continental undersea system from the Pacific coast of Latin America and make connections with Ecuador, Panama, Mexico, the United States (California), and Canada (Vancouver).

Making Up for Lost Time

Pressured from outside by the huge intercontinental undersea optical cable projects, Embratel, a Brazilian state enterprise, decided to supplement the integration of its domestic long-distance network with one of the most interesting and technologically advanced telecommunications projects ever undertaken in Brazil. Embratel will connect the Americas-1 cable, which arrives in Fortaleza from the United States via the Caribbean and Venezuela, to the Unisur cable, which connects Florianopolis with Montevideo and Buenos Aires. Embratel has laid out an ambitious plan of connections along the Brazilian coast using both marine and terrestrial segments.

This project has different sections. Between Fortaleza and Rio de Janeiro, two of the segments are on land: the first from Fortaleza to Natal, and the second from Sao Mateus in Espiritu Santo State to Ilheus, in Bahia. The other sections are undersea cables of the "festoon" type that do not require repeaters. They connect the state capitals: Joao Pessoa, Recife, Maceio, Aracaju, Salvador, Vitoria, and Rio.

From Rio de Janeiro to the south, terrestrial segments laid further away from the coast will be used. These will handle the connections on the Rio-Sao Paulo-Belo Horizonte-Rio triangle and the Belo Horizonte-Goiania-Brasilia and Sao Paulo-Curitiba-Blumenau-Florianopolis-Porto Alegre links.

The first side of the Sao Paulo-Belo Horizonte-Rio triangle has been in commercial use since September 1993. This is a terrestrial cable running between Rio de Janeiro and Sao Paulo, a distance of 420 kilometers, built by a consortium headed by NEC of Brazil in association with Pirelli and Furukawa. The other two segments are practically finished.

The Rio-Belo Horizonte link, also longer than 400 kilometers, was laid by the Brazilian engineering company Construtora Schahim Cury in association with Northern Telecom, while the Sao Paulo-Belo Horizonte section was laid by Pirelli and NEC of Brazil.

Future Plans

The alternate routes will be built in a second phase. This includes the following long-distance optical cable segments:

- Fortaleza-Salvador-Brasilia
- Sao Paulo-Ribeirao Preto-Belo Horizonte-Vitoria
- Brasilia-Uberlandia-Ribeirao Preto-Bauru-Santo Antonio da Platina (Parana State)-Curitiba-Porto Alegre
- Brasilia-Cuiaba-Porto Velho-Manaus
- Bauru-Campo Grande-Corumba-Cuiaba
- Belem-Brasilia, with a branch on the Belem-Manaus route (an underwater segment crossing the Amazon River)

Besides Embratel, other operators in the Telebras [Brazilian Telecommunications, Inc.] system—most notably Telesp [Sao Paulo Telecommunications], Telemig [Minas Gerais Telecommunications], and Telebrasilia—are likely to develop their own plans to lay a terrestrial network of interstate optical cables so that in the next five to 10 years, Brazil should have an optical network similar to what Australia has today.

Many segments of those interstate routes would probably use OPGW [optical groundwire]-type cables, thus taking advantage of the high-voltage powerline pylons already erected by the state power companies. In certain circumstances, OPGW is much preferred over terrestrial cables because of economic advantages.

Cellular Communications Growth Viewed

95SM0478B Sao Paulo RNT in Portuguese Apr 95 pp 20, 22

[Unattributed article: "Five Million Cellular Phones Within Four Years"]

[FBIS Translated Text] The Cellular 95 Seminar sponsored by RNT revealed some surprising prospects, in both the technological realm and in terms of future demand on the Brazilian market. In this report, we summarize the seminar held in Sao Paulo in March.

In giving an overview of cellular services in Brazil, Carlos Fernando Gimenes Duprat, the engineer who is manager of the Technical Planning Department of Telebras [Brazilian Telecommunications, Inc.], predicted that this country will have more than five million cellular subscribers within the next four years—"but to reach that goal, it will have to call upon the resources of private enterprise, since Telebras's budget funding will not be sufficient."

Duprat reiterated that companies in the Telebras System will not adopt the IS 54-B standard, i.e., the one that corresponds to the current TDMA [expansion not given]. Also, he again advocated the standardization of a digital technology and recalled that Telebras had already agreed to jump ahead by deciding on the IS 41-B standard when the rest of the world had not yet opted for it. "Were it not for that decision—which generated so much controversy—Brazil would not now have automatic roaming available practically nationwide." To Duprat, the glitches in the evolution of telecommunications made the wireless solutions, especially the Safra system (Fixed Access System via Radio) much more attractive.

In his lecture, Duprat used two vivid images to characterize the impasse of the government monopoly. The first was that Brazil will not be able to meet its big challenges in the telecommunications sector by repeating the "same old things" of the past. The second image was that of the 10 million people who are excluded from this country's telecommunications services, i.e., those who need, want, and can pay for the services but cannot join the exclusive club of subscribers because of the institutional model now in place.

Evolution

When it was Gilson Rondinelli Filho's turn to make a presentation, he described the evolution of cellular services in Sao Paulo, the problems that arose, the solutions adopted, and the reactions of subscribers at different times, starting with the inauguration of the services in August 1993. According to the most recent Telesp [Sao Paulo Telecommunications] poll, 44 percent of cellular services customers are satisfied with the quality offered them.

At the end of 1994, Telesp had 92 percent of the conventional terminals, 2.7 percent of public-use terminals (TP's), and almost five percent of cellular terminals. The average cellular customer's bill rose from $84 at the end of 1993 to $140 in January 1995, and stood at $120 at the end of February. The share of total Telebras revenues represented by cellular earnings has already risen above 15 percent and should reach 20 percent by the end of 1995.

Ten Million Left Out

Responding to Carlos Duprat, Luiz Roberto Ribeiro, a Telesp engineer who attended the Cellular 95 seminar, gave his opinion, which we transcribe below:

"I would hate to leave this seminar without commenting on the situation described by Carlos Duprat during the lecture he gave at the beginning of this event. Duprat reported that there are 10 million people who are excluded from this country's telephone system; this portrayal was the subject of later comments, as was the phrase 'same old things' that Duprat used and that Ethevaldo Siqueira also dwelt on.

"Both the excluded 10 million and the 'same old things' deserve further attention, and a critical analysis.

"Let's start with the excluded 10 million. Why are they left out?

"The answer is simple, and the solution is in plain sight:

- They are excluded for lack of sufficient supply, which makes speculation an uninteresting business.
- They are excluded for lack of a courageous and effective policy against tendentious influences at all levels, against interests that conflict with those of the ultimate consumer.
- They are excluded for lack of a consistent investment policy, one where there is no place for shortcomings and waste because of faulty planning.
- They are excluded for lack of guidelines that are consistent but sufficiently flexible to allow decisions to be made that update them when and as the market requires it.
- Finally, those who do not have the necessary purchasing power are excluded. I saved this reason for last on purpose; it ought really to have been at the top of the list. I refer to an editorial by reporter Marcos Sa Correia that appeared some time ago in VEJA magazine in which he focused on 'the myopia of the Brazilian business community.' I would like to remind businessmen in the sector that the salaries paid to professionals who work in this field put them among the excluded 10 million. This situation is also found on the government side.

"As for the 'same old things'—they are constants in our general development process. We continue buying 'Minas Gerais' aircraft carriers and appointing uninformed politicians to strategic sectors where training and experience ought to be essential prerequisites in the management and planning of the business. In short, we keep doing the same old things all the time.

"If we look at Brasilia or the state capitals, we can see that personalities aged by long years in power are still dealing the cards—marked cards, incidentally—or moving the pieces on the chess board, according to their private interests.

"To sum up, I want to say that the 'included ones' will continue to buy more stationary and mobile telephone lines and more popularly priced cars while the 'excluded ones' will keep playing the lottery and nourishing their dreams about changing teams."

Digital Future on the Agenda

For three days, some of the leading experts in cellular communications and PCS (Personal Communications Services) discussed the future of digital technologies in those fields at Cellular 95—the 8th International Seminar on Cellular and Personal Communications, organized by RNT and held at the Maksoud Plaza 8-10 March under the auspices of Alcatel, Hughes Network Systems, Ericsson, Equitel, Motorola, NEC, Northern Telecom, Promon, and Qualcomm. The following people gave lectures:

- Carlos Fernando Gimenes Duprat, manager of the Technical Planning Department of Telebras, spoke on "Cellular Systems in Brazil: an Overview."
- Gilson Rondinelli Filho, manager of Telesp Cellular, spoke on "Cellular Telephony in Sao Paulo State: Past, Present, and Future."
- Jim Bedient, director of Northern Telecom-CALA product lines, United States, representing the Northern Telecom-Promon partnership, focused on the subject: "Digital Technologies for Cellular Communications: the State-of-the-Art." The same expert gave a second talk, on the subject of "Northern Telecom's Vision of PCS."
- Hakan Anderson, director of Ericsson Radio Systems of Sweden, spoke on the "Present and Future of the TDMA Technology." He gave a second talk, entitled "Spread Spectrum for Future Evolution."
- William Tunick, manager of the digital networks program at Hughes Network Systems-United States, spoke on "The Real Applications of TDMA." The same expert gave a second lecture, entitled "The HNS and Alcatel Approach to PCS."
- Gaston Vaneri, marketing manager for Movistar, cellular operator in Buenos Aires, spoke about TDMA [time-division multiple access] technology and its applications.
- Wesley L. Shanks, manager of the CDMA [code-division multiple access] project for AT&T Network Wireless Systems Business Unit-United States, titled his lecture "CDMA: the Technical Solution for Today and Tomorrow."
- Paul Eyerman, strategic engineering manager for Motorola Cellular Infrastructure Group, Unites States, spoke on "CDMA: Benefits and Future Direction."
- Ron Foerster, vice president of CDMA infrastructure at Qualcomm International-Unites States, talked on the subject: "CDMA is Here To Stay." His second lecture was on "Qualcomm's Approach to PCS."
- Ken Davey, senior CDMA products manager at Northern Telecom-United States, spoke on the subject "Northern Telecom CDMA Technology Overview."
- Bo Westman, director of mobile telecommunications for Ericsson Telecommunications-Brazil, discussed "PCS, the Natural Evolution of Digital Cellular Communications."
- John P. Powers, systems engineer at Motorola, Inc. United States, representing the Motorola-Equitel partnership, spoke about "PCS, How To Migrate from Cellular?"
- Tony Miranzadeh, wireless engineering manager for AT&T Bell Labs, United States, spoke on the subject "PCS Building Blocks."

The seminar featured three panel discussions: the first on TDMA, the second on CDMA, and the third on "The Future of PCS in Brazil." The panels were composed of the lecturers on each topic.

Correction to Editorial on Economico Bank Case

PY2208180495

The following correction pertains to the item headlined "Editorial on Economico Bank Case," published in the 22 August Latin America DAILY REPORT, pages 36-38:

Page 38, column one, first partial paragraph, make read: ...is a collective misfortune...(changing "disgrace" to "misfortune")

Same page, column one, third full paragraph, first sentence, make read: ...percent the compulsory legal reserve on demand deposits...(retranslation for accuracy)

Same paragraph, last sentence, please make read ...R50 billion compulsory legal reserve surpasses the amount... changing "deposit" to "legal reserve". (per monitor recheck)

Next paragraph, last sentence, please make read ...adopted here to put an end to the terrorism in which politico-union corporatism and certain congressmen engage. (rewording per monitor recheck)

Chile

Majority Rejects Reform of Military Law

PY2808192795 Santiago EL MERCURIO in Spanish 25 Aug 95 p A1

[FBIS Translated Excerpt] Valparaiso — The eleven National Renewal [RN] senators, the two independent senators, and the only UCCP [Progressive Center Center Union] senator yesterday announced that they will not support the reform of the Armed Forces and Carabineros organizational laws submitted by the government to the Senate on 22 August.

These 14 senators have thus sided with eight institutional and three UDI [Independent Democratic Union] senators who rejected the proposal the same day it was submitted to Congress.

This repeats the situation that arose in 1992, when the center-rightist sector voiced its opposition to the reform of the Armed Forces' statutes as proposed by the first government of the Coalition of Parties for Democracy.

The mentioned draft was discussed at length, but in the end was "frozen" in the Chamber of Deputies Defense Committee, because it became unfeasible.

The RN senators have thus adopted a unanimous stance regarding a subject which, until 23 August, still prompted certain disagreements among some RN senators and the party chairman, Deputy Andres Allamand. Some, such as Senator Sebastian Pinera and Allamand, were more willing to discuss the subject.

This reform, which is part of the overall proposal made by President Eduardo Frei in the search for national reconciliation and the effort to conclude the transition process, needs 26 votes in favor, but the government only has the approval of its 21 legislators.

A total of 25 legislators allegedly reject this proposal: the 11 RN senators, three UDI senators, UCCP Senator Francisco Javier Errazuriz, independent Senators Antonio Horvath and Arturo Alessandri, and eight designated senators.

Yesterday the executive branch stated that it will not withdraw nor abandon the three draft bills of the "Frei proposal" in Congress, which means that the government expects the debate to last several months. In addition to the reform of the Armed Forces Organization Law, the government proposal includes a draft bill designed to expedite the cases of arrested-missing people and an initiative for institutional reforms of the 1980 Constitution. [passage omitted]

Yesterday the RN, independent, and UCCP senators issued a declaration in which they state that "we appreciate his excellency's desire to find a solution to the real problems that are preventing the attainment of a full national reconciliation. Therefore, we will try to attune the president's proposal with the initiatives made by the RN, UDI, and independent senators, as well as that by the UCCP.

The document then adds that "we believe it is understood that the Armed Forces are subordinated to the civilian power freely elected by the people as established in the Constitution and that the possibility to perfect them always exists."

They then state that "in our opinion, the initiative related to the Armed Forces Organization Law as proposed by the government contradicts the modern concept of the state's administration, which seeks to grant the institutions a greater degree of professionalism and independence from the political power because it refers to the technical-institutional relationship and by no means can be included in a political debate."

The declaration ends by stating that "in order to avoid an uncertainty that by no means contributes to the relationship between the government authorities and the high commander of the defense related institutions, we deem it necessary to point out that we are not going to support this proposal."

They clearly state that in order to make progress in the solution to the human rights problems and reconciliation, they will try to attune the presidential proposals with the two initiatives that seek paths to solve the problems dealing with human rights, amnesty, and arrested-missing people (the center-rightist sector's proposal that was approved on 23 August and the one proposed by the UCCP that was withdrawn).

The drafting of this declaration, which was disclosed yesterday by RN Senators Sergio Romero, Sergio Diez, and Enrique Larre, began on Wednesday, 23 August, in the afternoon. RN Chairman Andres Allamand was only informed about it after the 11 senators had signed it. The last one to do so was Senator Sebastian Pinera, who previously consulted and informed Allamand about his decision.

Senator Romero said that this agreement does not mean turning their backs on Allamand, in the first place, because "the 11 senators" are the ones who must give an opinion in Congress.

Romero pointed out that they agreed with the stance of the RN's executive board and political committee.

He added: "Naturally, we did not ask his (Allamand's) permission because we do not get any orders from the party, but we informed him about our decision in keeping with the harmonious relationship we try to maintain within the RN."

Yesterday Allamand said he agrees with the RN senators that the government proposal to reform the Armed Forces' organization law is unsatisfactory, but warned that the debate on the subject cannot end yet because it has just started.

Allamand urged the government to try to harmonize its stance regarding these issues with the Armed Forces because, in his opinion, legal changes of this scope cannot be promoted without a reasonable degree of approval by the military institutions.

Moreover, Sergio Diez commented that they are all for the perfecting of the Armed Forces, and the idea is not to return to the past, when the Army was subject to the president of the Republic.

He recalled the case of General Carlos Ibanez, who, while he was president, retired almost all the generals on active duty until he reached a colonel. [passage omitted]

Sergio Diez was quite honest in stating that this type of project must be assessed within a different context, from a historical viewpoint, the more so taking into account the fact that Chile has and continues to experience so many international problems, whose resolution relies on the strength and proper administration of the Armed Forces due to the size of the country.

He ended by stating: "The aforementioned persuades us to view things in the long term rather than concentrating on what this or that general demanded, or that General Contreras was taken to jail. This is something completely separated from the viewpoint we should have of our Armed Forces; namely, that they are in charge of defending our national territory. This is what is really important."

Congressional debate of the project will start on 5 September in the Senate's Defense Committee, which is headed by Arturo Frei Bolivar (PDC [Christian Democratic Party]).

Defense Minister Edmundo Perez de Yoma will be the first to address the session. The commanders of the Armed Forces and Carabineros directors have already been invited to the sessions.

Deputy Andres Allamand asserted that the RN senators' decision announced yesterday cannot be interpreted as "slamming the door" on the possibility of beginning discussion of the executive branch's proposal, but rather as stating a viewpoint at a time when a congressional debate is to start.

On the occasion, in referring to the government's project to perfect the institutions, he announced that next week the RN senators will submit a constitutional reform project designed to strengthen the role played by Congress in the political system and increase the Chamber of Deputies' power to supervise as established in the legal framework currently in force.

Allamand said that at first sight the government's proposal to reform the Armed Forces organization law, returning to the president the power to name and remove generals and admirals without the need for the corresponding commander's approval, is unsatisfactory.

He said that the proposal is not good because it continues to grant the president of the Republic, in his relationship with the armed institutions, discretionary and arbitrary power.

Allamand said that in this regard the RN believes that the government must directly attune its stance with that of the armed institutions because it feels that to promote a legal reform of this nature without the Armed Forces' support is unfeasible.

Regarding this reform, [Navy commander] Admiral Jorge Martinez Busch yesterday stated that his institution has not changed opinion regarding the reform of the Armed Forces organization law and that it maintains the stance upheld before Congress on 13 January 1993.

On that occasion, when he appeared before the Chamber of Deputies Defense Committee, he expressed opposition to the reform and maintained that the "political intervention in the fate of those who served in the Armed Forces implies the destruction, sooner or later, of the military spirit and reduces its current status to becoming a mere source of jobs," a fact that will fatally affect the duties and rights inherent in their professional career.

Adm. Martinez Busch said yesterday said that when the time comes, he will reiterate before the Senate — where the "Frei proposal" has been submitted — the same stance he upheld in 1993 before the Chamber of Deputies.

The Navy commander, in response to questions on the subject, asserted that the Navy does not have any information about the whereabouts of the arrested-missing people.

He said that everything done to solve the pending problems is positive but that, in his opinion, reconciliation is a personal and individual concept and nobody can be forced to change his opinion.

Adm. Martinez Busch made these comments to the media as he was leaving the Navy headquarters' Red Hall after presiding over a ceremony during which he decorated Venezuelan Navy Attache Juan Arismendi Herrera. Venezuelan Ambassador Julio Cesar Moreno also attended the ceremony.

FACH Delegation To View Satellite Launch; Denies Reports

*PY2808180895 Santiago Universidad Catolica Television Internacional in Spanish
0100 GMT 26 Aug 95*

[FBIS Translated Text] The chief of the Chilean Air Force [FACH] Staff has denied reports from Moscow that Russia has not received any payment for the launching of the first Chilean satellite, Fasat-Alfa. Blanca Bulnes, our special correspondent in Russia, has further details on the matter.

[Begin recording] [Bulnes] According to a Moscow newspaper, Russia has launched the Fasat-Alfa satellite for free. Obviously, this report is not true, because $3 million has been spent on the entire operation. Behind this article, however, some people see signs of annoyance with Chile among Russian officials, because although the Plesetsk cosmodrome was contracted, a Ukrainian — and not a Russian — rocket was contracted to put the Fasat-Alfa satellite into orbit.

FACH General Jaime Estay Vivero arrived in Moscow yesterday heading a delegation assigned to watch the launch, and today he denied all rumors. He said that there is no friction with the Russians, and that he has confidence in the success of the operation.

[Estay] A launching is always liable to failure. There has been failure in Guiana, and also at Cape Kennedy. But Russia has always been consistently successful in launching its satellites.

[Bulnes] The launching of the Fasat-Alfa satellite is not the only reason for the visit of the FACH generals to Moscow. The FACH delegation also visited the International Air Fair, which was widely reported today by the local press, and the members of the group intend to meet with officials in charge of selling the many models of aircraft which are offered here.

[Estay] We are continuously evaluating different types of material throughout the world. The Air Force is very dynamic, and when purchasing an aircraft, it is already thinking in terms of another, because the aeronautics industry is also very dynamic.

[Bulnes] Which, among all these models, is the FACH thinking about today? This question has no answer yet, but all day today and tomorrow the Chilean generals will be meeting with the manufacturers of the well-known and effective Russian MiG fighter-bombers. [end recording]

Idea of Resorting to The Hague on Nuclear Tests Rejected

PY2808190695 Santiago EL MERCURIO in Spanish 25 Aug 95 pp C1, C8

[FBIS Translated Excerpt] The Chilean Government does not agree with the idea of resorting to The Hague International Court of Justice to report the French decision to resume its nuclear tests at the Mururoa Atoll, and for this reason it does not agree with the decision made by New Zealand officials on the matter.

When consulted on the matter, Chilean Foreign Minister Jose Miguel Insulza said Chile is opposed to this measure because no one can resort to the court unilaterally. Chile feels that all parties must first reach an agreement before resorting to The Hague. [passage omitted]

In Santiago, the foreign minister said that the New Zealand Government did hold consultations with Chilean officials on this idea. The Chilean officials explained the above-mentioned arguments as a rationale for not supporting the New Zealand resolution.

"That, precisely, was our response, without it being detrimental to our well-known full agreement with the concern that has been expressed regarding the French nuclear tests. We are not in a position to support that petition. Our invariable position is that an appeal is submitted to The Hague following an agreement of the two parties," Insulza said.

The Wellington government resorted to The Hague International Court of Justice on the basis of the argument that nuclear tests can cause damage to the environment. The intention on the part of the New Zealand Government is to ask this court to prevent France from carrying out its program of eight atomic explosions as of next month at the Mururoa Atoll.

France responded that The Hague has no jurisdiction on this matter. [passage omitted]

Colombia

Government Not To Cancel NAM Summit in October

PA2908035795 Madrid EFE in Spanish 2316 GMT 27 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 27 Aug (EFE) — Julio Londono Paredes, former foreign minister and coordinator for the 9th NAM Summit of Heads of State and Government, said today that the Government of Colombia has never thought of canceling the summit scheduled for next October due to the local political crisis.

Londono, who is Colombia's ambassador to the United Nations, told the Bogota morning daily EL TIEMPO: "It has never crossed my mind. We are up to our necks in this, and no country has any doubts this summit will be held. Nobody, from UN Secretary General Butrus Butrus-Ghali on down, is thinking about anything like this."

The NAM meeting will be held in Cartegena de Indias from 14 to 20 October. According to the organizers, delegates from 112 member countries, six observing nations, and 12 guests, as well as approximately 35 rulers have confirmed their attendance.

Londono, who was foreign minister in President Virgilio Barco's administration from 1986 to 1990, added that "none of the heads of state who have confirmed their attendance have changed their minds."

Some Colombian politicians have suggested that the summit be suspended in view of the political crisis that involves the Samper administration, which is being investigated for its alleged funding of the campaign by drug trafficking money.

Meanwhile, Ramiro Osorio, director general of the summit, pointed out that some 5,000 persons will guarantee the security of the summit, on which the country has been working for more than one year.

Osorio pointed out that the infrastructure and plans of the summit are ready. He added that there will be several public ceremonies and concerts so that the people of Cartagena will join the political meeting, which will be "a great cultural event to show the 'diversity' of the host country."

Samper Government Link to Drug Traffickers Viewed

Attorney General Denies Leaking Information

PA2708192295 Madrid EFE in Spanish
2342 GMT 26 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 26 Aug (EFE) — Colombian Attorney General Orlando Vasquez today denied that he released to the press and the government a summary of the confidential file on the investigations on the presumed infiltration of funds from the Cali Cartel in President Ernesto Samper's election campaign.

In response to statements by unidentified sources to the local press, Vasquez said that neither he nor any member of his team is "harassing" officials from the Office of the Prosecutor General, who are carrying out the investigations.

On 28 July, Interior Minister Horacio Serpa and Defense Minister Fernando Botero presented copies of the deposition rendered by Santiago Medina, Samper's former campaign treasurer. Botero resigned on 2 August and was taken to prison, a fact which aggravated the scandal affecting Samper's Administration.

According to Colombian newspapers, special agents appointed by the Attorney General's Office for the investigations have delivered "detailed reports" to Vasquez, who is one of the officials under investigation for alleged payment of his hotel bills in Cali by a company owned by drug traffickers.

Nevertheless, Vasquez, who is recovering from a peritonitis attack, denied that his colleagues were "harassing" the prosecutors, and noted he learned about Medina's deposition when it was published in the Colombian newspapers.

Prosecutors To Confirm Botero Arrest

PA2708194995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish
1800 GMT 27 Aug 95

[From the "Cripton Newscast"]

[FBIS Translated Text] Official sources confirmed to Cripton Newscast a few minutes ago that the faceless prosecutor in charge of the investigation of former Defense Minister Fernando Botero Zea will confirm Botero's house arrest [medida de aseguramiento] tomorrow.

The house arrest measure against Fernando Botero will be adopted because the faceless prosecutors want to know if the former minister was involved in the following crimes: illegal enrichment to favor third parties, procedural fraud, and obstruction of justice.

Even though the measure has not been adopted yet, the judicial decision will be notified to the lawyers of Botero Zea in the next 24 hours.

Likewise, this week the Prosecutor General's Office will decide the legal fate of Juan Manuel Avella, former administrative director of Ernesto Samper's campaign, which could lead to an arrest warrant being issued so that authorities can interrogate him.

Moreover, starting tomorrow, authorities will resume the interrogation of Santiago Medina, former treasurer of Samper's campaign.

Mogollon on Samper Investigation

PA2808230495 Madrid EFE in Spanish
1520 GMT 27 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 27 Aug (EFE) — Colombian Congressman Heyne Mogollon, who is in charge of investigating the charges that drug traffickers illegally financed President Ernesto Samper's election campaign, today pledged to remain "independent" during the process, even though he belongs to the same party as the president.

Mogollon, a member of the Accusations Commission of the Chamber of Representatives, was commissioned to study if there is merit to formally accuse President Ernesto Samper before the Senate, which is the body legally responsible for judging the country's rulers.

"The entire country will necessarily be aware of the statement I make, which will be strictly adjusted to the real and legal truth," Congressman Mogollon said during an interview published by the Santa Fe de Bogota daily EL TIEMPO.

President Samper is at the center of a political crisis triggered by reports that his Liberal Party campaign, which won the 1994 June elections, received huge donations from Cali Cartel drug traffickers, donations that were not reported to electoral authorities.

Politician Mogollon, a native of the Caribbean region of Cordoba, said that even though he supported Samper's candidacy during the past electoral campaign, his "opinion is not encumbered," adding that the fact of supporting a candidate does not hinder a voter "from reproaching a ruler's behavior."

He explained that he does not "owe bureaucratic favors" to the president and stressed that he commits himself to filing a formal accusation against the chief of state if the investigation indicates that this is the path to follow.

"I commit myself. The country must not have the slightest doubt that this is how it will be," Representative Mogollon affirmed while ensuring that he sleeps "with a very clear conscience," even though he feels himself "obligated to work harder" because he must honor Colombian justice.

The process of defining merit to move on with the investigation Samper requested on 28 July 1995 will last approximately two months. The first depositions by the president before the Accusations Commission of the lower chamber are slated for next week.

Security Director on Theft of Evidence

PA2808224795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 28 Aug 95

[Telephone interview with Ramiro Bejarano Guzman, director of Colombia's Administrative Department of Security, place not given, by Caracol News Director Dario Arizmendi, Judith Sarmiento, and an unidentified reporter in the network's studios in Santa Fe de Bogota; from Caracol's "0600 to 0900" newscast; broadcast in progress — live]

[FBIS Translated Text] [Arizmendi] ...worked in the archives department who reportedly provided that information to a member of the House of Representatives from Valle Department

[Bejarano] Yes, obviously. I thank you for asking that question, because it will let me tell your listeners we were the victims of slander or of a situation totally removed from reality. Without elements of judgment, a Santa Fe de Bogota newspaper has decided to accuse the government, particularly Interior Minister Horacio Serpa Uribe, Fernando Botero, and me—me and the DAS [Administrative Department of Security] in particular—for the theft of that evidence. This incident has greatly mortified me, because those who know me as a lawyer and university professor know I am incapable of doing anything of the sort.

I must recognize that the Prosecutor General's Office has handled the matter with great professionalism, because it has not leveled any charges against anybody in the government over this matter. The court of the Prosecutor's Office has not made a single statement involving any official; on the contrary, it has acted with great wisdom and professionalism. As a result of its actions, I was greatly satisfied that the deputy prosecutor said during an interview with the newspaper EL PAIS that the investigations have revealed that employees of the Prosecutor's Office were involved in the theft of the testimony. Some of these employees have already been dismissed.

It is important to inform the people that no government official was involved in that theft. The Prosecutor General's Office has not targeted the DAS deputy director, who is an upright and honest man, any DAS official, or the DAS director for an investigation over this incident. The country can rest fully assured that Ramiro Bejarano is an honest man [words indistinct] who does not get involved in things that are at odds with the law.

[Reporter] Can one suppose that the daily LA PRENSA, which you have sued for slander, has already been convicted?

[Bejarano] My status as a lawyer and untainted university professor does not allow me to make a prior judgment of that sort. I put the authorities on notice the same day the report was published. I do not hesitate to act when my name and credibility are slandered. I have let the authorities handle my suit. I cannot make a thoughtless remark on what the outcome of that suit might be for that reason, because I would be guilty of the same thing to which I fell victim to; that is, the thoughtless handling of the topic. The thoughtlessness is such.... [pauses] The other night I was watching a television program during which a former justice minister and Liberal Party presidential hopeful was interviewed. Without elements of judgments, he said someone in the government had stolen Santiago Medina's testimony.

Fortunately, all the news media carried reports expressing the contrary. I repeat: The remarks by the deputy prosecutor general and the wisdom with which the Prosecutor General's Office has handled the matter tell the country this remark was an aberrant lie.

[Sarmiento] As part of this same matter, it was also said that you have visited Santiago Medina, that you asked (?journalists) not to report your visit, that you went to persuade him not to tell the truth.

[Bejarano] That is another lie that has also been fully clarified. First, I was in Cali when Medina was arrested. He was taken to the DAS installations but not because I suggested it but because the Prosecutor General's Office felt it could take him to a temporary DAS detention area. When I returned to Santa Fe de Bogota from Cali, summoned by the president, who was going to hold a meeting that night, my private secretary, Pablo Felipe [word indistinct] was waiting for me at the airport. He told me that Medina was very nervous and concerned over his safety, that he wanted me to visit him because he was very worried about it, and that he was holding me responsible for what may happen to him.

I was going from the airport to Narino Palace but changed my destination. I told my people to take me to the DAS building. When I arrived, I entered the room where he was being held. The man outside the door opened a registry book. I got the impression he was going to ask me for my identification card and other documents, something which seemed unusual for the director of the institution. The control measure [words indistinct] is for people who have nothing to do with the institution but not for its director. Medina was not being held incommunicado, so I went in. I chatted with him for no more than 10 minutes.

[Bejarano] What did we discuss? First, he was very annoyed over the way he had been arrested, because he said that more than 70 people were involved and that it made no sense to conduct an operation of that nature. Then he asked me if I thought he was going to be held a long time. I told him that I did not know, that I was not familiar with the file, but it seemed he had been captured to conduct an interrogation, and this was going to take a long time.

When I told him that, he began telling me that he did not have to carry the burden by himself, that he knew many things, and that he was going to tell a series of things that would hurt high-ranking government officials. He even said he had been [words indistinct] in a position to accept offers to cooperate with the DEA and the Prosecutor General's Office.

I felt as if he were telling me: Take this message to the government. I simply told him more or less: Look, your problem is not whether you talk; your problem is whether you are responsible, because if you are responsible you are going to be given a sentence that could be reduced depending on the circumstances surrounding the proceedings. It was kind of like telling him not to use me as a means for conveying messages of this kind.

We also talked about his security. I told him he was isolated, and he finally told me he had not eaten and wanted a television set, which I accepted. As soon as I left, I spoke with the prosecutor general by telephone and told him I had just met with Medina. I did not give him all the details of what I talked with Medina about, because what brought us to the telephone conversation was about the availability of a room to interrogate Medina. Early next morning I told the prosecutor general about it, and at noon I told the director of the technical corps about it.

The fact that I had entered after asking officials not to record my entry has been presented as if I had wanted to conceal my presence there, a point which is untrue as evidenced by the circumstances. Remember that I told the prosecutor general, the Prosecutor's Office director, and the director of the technical corps about it. To say it differently, if the prosecutor's office found out I had been there, it was because I told them so. I repeat: I was taken there not on my own volition but because it was the prosecutor's office request. It is also important to note that the only time I ever saw Santiago Medina was that day. I had never seen him before in my life. I had not talked to him before. It is, therefore, an episode without importance and has no credibility.

[Arizmendi] Did you also tell Defense Minister Fernando Botero Zea and the president of the Republic about the contents of your 10-minute conversation with Santiago Medina?

[Bejarano] Because it was a quick conversation, I did not tell the defense minister, because when I left the DAS installations I went to the presidential palace, and the meeting that had been convened there was already over. The only one there was the president. I talked to him and told him I had met with Santiago Medina. I told him I met with Medina for 10 minutes, but I did not go into greater details, because I did not think the content of the conversation was that important.

[Arizmendi] Did Medina say that he wanted to get even with the president of the Republic for what you have just told us, that he did not want to be in prison by himself?

[Bejarano] More or less, that was what I understood when he asked me about what I have just told you, when he asked me whether I thought he would be in prison for a long time. After I answered him, he told me it was unfair, but the truth is it was the attitude of a person who appeared to be troubled and distressed.

[Arizmendi] Desperate.

[Bejarano] That was because only two or three hours had gone by since he was arrested. What I understood is that he was a person who was not fully in control of the situation, something which is understandable. A person who has just been arrested and who has only been under arrest for two or three hours cannot accept it just yet.

[Arizmendi] At some time in the conversation did you ask him to remain calm to the point that he might have thought you were asking him to keep quiet and not to complicate things for himself?

[Bejarano] No, no, no. What I told him is what I have just told you. Because I had never seen Medina before—given that I had never spoken to him before, not even by telephone—I was not the right person to do that. I think the person who had to call to ask him to remain calm would have been a person of his complete trust, someone who knew him. I did not and do not meet those conditions.

[Sarmiento] Excuse me, but do you think it is right for the DAS director not to be checked? Shouldn't there be officials who could even check the director himself? [Words indistinct]

[Bejarano] No, no, no. I believe that is unnecessary. Excuse me for [word indistinct] your question, because when people show up at the DAS gates, they have to turn in their identification cards, and a card is given to them. If we followed that criteria, every time I arrive at the DAS gates, I would have to do exactly the same.

[Sarmiento] They search us every day here at Caracol [words indistinct]

[Bejarano] Well, you have to gain their confidence.

[Arizmendi] Did you at any time feel that Medina's words were something close to blackmail?

[Bejarano] That is the closest interpretation. I felt he was threatening me or telling me to convey a message. He did not say this flat out, but that is I how I understood it. In view of that, I [words indistinct] I left.

[Arizmendi] Who did he involve in this matter; that is, the president, the defense minister, or who else?

[Bejarano] His remarks were very vague and insubstantial but, of course, I got the impression he was targeting officials of the previous government.

Serpa on Note Regarding Medina

PA2908035295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Aug 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Here in the Supreme Court of Justice's Prosecutor's Unit, Interior Minister Horacio Serpa Uribe today gave a free flowing and spontaneous statement on the anonymous note he received regarding the questioning of Santiago Medina. During the statement, which lasted two hours, Serpa was accompanied by a prosecutor appointed attorney, because the minister did not want to hire one. The minister mentioned the circumstances that could have caused the violation of the summary's confidentiality after the controversial news conference he gave with former Defense Minister Fernando Botero:

[Begin Serpa recording] I replied to the questions with the utmost calm. I am absolutely certain that under no circumstance did I disobey the law. [end recording]

After clarifying that he does not know who sent him or wrote the anonymous note that has turned up in his office, the interior minister said he was not concerned by Noemi Sanin and Juan Manuel Santos's withdrawal of political support to President Samper:

[Begin recording] [Unidentified reporter] Were they key players? Are they not fundamental key players in the government?

[Serpa] I beg to differ. [end recording]

Serpa said there is much hatred against the government, because President Samper wants to work for the ordinary people in Colombia.

Botero To Remain in Prison

PA2908015795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Aug 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] For the first time in this century, a Colombian defense minister must stay in prison for an indefinite time. The Prosecutor General's Office on 28 August took this measure to keep Fernando Botero in custody. This measure means that he cannot leave his prison cell until his trial ends. Yoly Macelis has the story:

[Macelis] The crimes for which the Prosecutor General's Office took the measure to keep former Minister Botero in custody are illegal enrichment and stating false theories in a private document.

It seems that the Prosecutor General's Office took the measure to keep him in custody, because it found the following evidence: First, former Minister Botero handed in false information on campaign funds. This is the case for which he is being investigated, for an ideological lie in a private document. This is why the National Electoral Council is investigating those people who had anything to do with the finances of the Samper campaign.

The Council could ask the Prosecutor General's Office for the evidence it has in order to administratively investigate Botero for this crime.

Second, the Prosecutor General's Office found indications of illegal enrichment benefiting third parties, because there are sufficient accusations and evidence suggesting Botero received drug trafficking money for the presidential campaign when he was the campaign manager. The Prosecutor General's Office now has six months, which started on 26 July 1995, to resolve Botero's situation or, rather, to close the investigations in his favor or to prosecute him.

At this time, the Prosecutor General's Office has yet to decide if it will transfer former Minister Botero or if he will remain at the Cavalry School.

[Announcer] Meanwhile, we just received an answer from former Minister Botero. It is a letter explaining his current situation, following the measure the Prosecutor General's Office took on 28 August to keep him in custody.

[Unidentified reporter] Former Defense Minister Botero stated the following in his letter: As I resigned from the Ministry, I made the decision to defend the president of the Republic and high-ranking government officials, as well as the actions I carried out in the past election campaign.

Regarding his resignation, he added: As for my unyielding resolve to subject myself to justice as an ordinary citizen, free of all privileges or special authority, today I was notified of the measure to keep me in custody.

He also stated the following: This measure does not constitute a formal accusation, let alone a verdict. This is why I accept it with the integrity that has always characterized me and with the equanimity my innocence instills upon me.

In addition, he affirmed: I am aware that the country is immersed in a difficult atmosphere rarefied by rumors and tales. However, I expect and trust that the Prosecutor General's Office will be able to develop this process free of pressure to ensure my case will be resolved as soon as possible.

Communique on Botero Imprisonment

PA2908040995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0325 GMT 29 Aug 95

[Communique issued by the Presidency of Colombia from the Narino Palace, Santa Fe de Bogota, on 28 August; read by announcer]

[FBIS Translated Text] Presidency of the Republic of Colombia

Press Communique

In view of the measures adopted today by the Prosecutor General's Office with regard to the legal situation of former Defense Minister Fernando Botero Zea, the national government declares:

1. The government respects the decisions of the Prosecutor General's Office and states its backing for that investigative entity's efforts to make progress on investigations that must lead to the truth in the ongoing process over the alleged infiltration of drug-traffic money in the past elections campaign.

2. The government trusts that following this measure, whose objective is to ensure a proper course in the investigations, former Minister Botero, who has demonstrated character and dignity as well as his will to obey the law, will overcome the current situation and throw light on the episodes being investigated.

3. Finally, the government keeps the faith that this process will move quickly to a prompt conclusion for the well-being of the country and the tranquility of nationals and foreigners alike.

Palace of Narino

Santa Fe de Bogota, 28 August 1995

Esguerra Announces Creation of Army Aviation Unit

PA2608223995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Aug 95

[Interview with Colombian Defense Minister Juan Carlos Esguerra by William Calderon in the Defense Ministry; from the "Seven O'Clock Newscast" — live relay]

[FBIS Translated Text] [Calderon] We are in the office of Defense Minister Juan Carlos Esguerra. Good evening.

[Esguerra] Good evening, how are you?

[Calderon] Many thanks. Today you have made a very important decision: You will create a special air force for the Army.

[Esguerra] It is not my decision, instead it is the decision of the president of the Republic. A decree issued today will organize Army aviation, thus putting into effect a legal decision that had been adopted back in 1990 and will make effective an old Army ambition to satisfy its need for tactical support in addition and complementary to what it receives from the Air Force.

[Calderon] How many helicopters and how many airplanes will the Army have of its own from now on?

[Esguerra] It is not known yet the exact number of helicopters. It also depends on how negotiations move ahead and what type of helicopters are finally decided on. But I believe that there will be enough to attend to those needs and, in a first stage, to the number required to transport troops.

[Calderon] What is the cost?

[Esguerra] Initially $90 million, which corresponds to budget assignments that had already been established in the General Development Plan, except that the plan specified that this was to be executed during the second half of 1996 and throughout 1997, and now it has been decided to bring this forward and execute it at the end of 1995.

[Calderon] Many thanks, Mr. Minister. You are very kind.

[Esguerra] Many thanks.

Ecuador

Questions Surrounding Dahik Interpellation

95SM0477A Quito HOY in Spanish 18 Aug 95 p 1-A

[Editorial received via Internet]

[FBIS Translated Text] Quito, 18 Aug—The criminal prosecution of the vice president is an extremely serious and disturbing matter, following the charges presented against him by two Social Christian deputies that he improperly handled state funds.

Political tension has grown in the country, following a series of reciprocal accusations of corruption in the context of the recent clash between Vice President Alberto Dahik and elements of the Social Christian Party.

The proximity of the 1996 presidential elections made an increase in tensions and party conflict foreseeable. Nevertheless, so serious a matter as a criminal trial initiated by the president of the Supreme Court of the vice president exceeds the level of conflict which such elections usually bring with them.

In the view of the ordinary citizens it is not clear, in the first place, why the vice president, whose basic, constitutional function is to preside over the CONADE [National Council for Development] and supervise national planning would have secret funds to manage.

In the second place, even less clear is the way in which those funds are managed—through ordinary checking accounts opened in the vice president's name by two of his private secretaries, in which millions of sucres were deposited, whose use has not been revealed.

The country demands that political tensions should not harm serious, juridical consideration of this matter and that a trial should not become enmeshed in insignificant, formal proceedings. The most important matter is to deal with the basic question. The vice president has the obligation to dispel the accusations for which he has been put on trial. The country demands that the truth be established, beyond the play of purely political interests.

Composition, Control of Congress Described

95SM0477B Guayaquil EL UNIVERSO "SUNDAY SECTION" in Spanish 13 Aug 95 p 3

[FBIS Translated Text] Quito—The control of Congress is in the hands of the Roldosist party [PRE], the Popular Democratic Movement [MPD], the Conservative Party [PC], the Popular Democracy Party [DP], the Democratic Left Party [ID], the Radical Alfarista Front [FRA], Ecuadoran Popular Revolutionary Action [APRE], and a group of independents.

The Social Christian Party, the Concentration of Popular Forces, and some independents lost control of Congress on 10 August after having controlled the legislative branch of the government.

This change in the balance of forces in Congress took place on 10 August when the Center-Left, Left, and Populist groups joined with some independents and established the so-called Popular Defense Bloc which took over power in the legislative branch.

In the new configuration of positions of power in Congress the eight legislators of the two governing blocs have ample room.

Power at Plenary Sessions of Committees of Congress

The Social Christians were virtually eliminated from the plenary sessions of the permanent legislative committees, as they have only one deputy. Until 10 August they had a total of 12 legislators out of the 28 members of Parliament who make up the four committees.

Under the present configuration of the four commissions the government would appear to have a majority, if it is assumed that the six independent deputies agree with the views and proposals of the executive branch of the government.

To those six independents should be added the five government legislators of the Conservative Party and the Republican Unity Party.

These two groups, added together, have a total of 11 deputies, a sufficient number to approve laws at a plenary session of Congress, if only the minimum quorum of 15 members attends a given session, or even if 20 members are present, since for that purpose a majority of those attending is required.

Present Congress

As of 10 August Congress was organized in the following way: president, Fabian Alarcon (FRA) [Radical Alfarista Front]; vice president, Franco Romero (ID) [Democratic Left]; secretary, Fabricio Brito Moran (independent); and deputy secretary, Roberto Munoz (Roldosist Party).

Standing Committee: Marco Proano Maya (PRE) [Roldosist Party], Marcelo Saltos (PC) [Conservative Party], Gustavo Larrea (APRE) [Popular Revolutionary Action Party], Pedro Lino Sanchez (MPD) [Popular Democratic Movement], and Carlos Rivadeneira (independent).

Budget Committee: Santiago Bucaram (PRE), Homero Lopez (PRE), Antonio Posso (MPD), Miguel Ramirez (independent), Guido Alava (independent), Leonardo Escobar (PC), and Vinicio Veloz (ID). Alternate members: Harry Alvarez (PRE), Oscar Celleri (PRE), Juan Jose Castello (MPD), Fabian Fabara (independent), Carlos Rivadeneira (independent), Marcelo Saltos (PC), and Fernando Melendez (independent).

Committee on Civil and Criminal Affairs: Luis Almeida (independent), Ricardo Vanegas (PRE), Wilman Costa (PC), Ivan Rodriguez (MPD), Carlos Rivadeneira (independent), Jose Cordero (DP) [Popular Democracy Party], and Humberto Guillen (PUR) [Republican Unity Party]. Alternate members: Ruth Moreno (PSC) [Social Christian Party], Marco Proano Maya (PRE), Isauro Puente (MPD), Freddy Bravo (PC), Miguel Ramirez (independent), Eduardo Veliz (DP), and Daniel Alvarez (independent).

Committee on Economic, Agrarian, and Industrial Affairs: Fabian Fabara (independent), Napoleon Ycaza (FRA), Norberto Maldonado (MPD), Jose Llerena (PRE), Jorge Vazquez (PRE), Ernesto Ponton (ID), and Manuel Felix Lopez (PUR). Alternate members: Guido Alava (independent), Carlos Vallejo (DP), Cesar Buelva (MPD), Rafael Cuesta (PSC), Mario Loor (independent), Raul Baca (ID), and Humberto Guillen (PUR).

Committee on Labor and Social Affairs: Aracely Moreno (MPD), Gustavo Larrea (APRE), Marcelo Noboa (PSC), Hugo Ruiz (ID), Daniel Alvarez (independent), Reynaldo Yanchapaxi (DP), and Juan Castanier (PC). Alternate members: Pedro Lino Sanchez (MPD), Frank Vargas (APRE), Simon Bustamante (PSC), Franco Romero (ID), Ricardo Vanegas (PRE), Ivan Rodriguez (MPD), and Galo Aguirre (PC).

Dahik Trial, Energy Crisis Affect Country's Image

95SM0477C Quito HOY in Spanish 18 Aug 95

[Received via Internet]

[FBIS Translated Text] The image of the country is decisive for success in attracting foreign investment. Outside a country the negative aspects of a nation are best known. Therefore, the announcement of a criminal trial for Vice President Alberto Dahik can have a negative impact on foreign investments.

This was the view of Hernando Leon, executive president of the Ecuadoran Federation of Exporters (FEDEXPOR), who recalled that foreign investors require political security.

Trade relations can also deteriorate as a result of the existing, political instability which, added to the electricity crisis, can mean a decline in the goals for economic growth for the country. According to Ana Lucia Armijos, president of the Monetary Commission, growth is now at an annual rate of about 3.5 percent.

According to the FEDEXPOR representative, the efforts of all Ecuadorans should be concentrated on subjects of national interest and not on political groups, which only try to obtain votes.

There have been few repercussions in the financial system.

Financial System Least Affected

The political situation which the country is going through was termed "disturbing" by Raul Guerrero, the manager of the Banco Internacional [International Bank]. However, he considered that it would not have an impact on the national financial situation.

Guerrero considers that the problem which the country is going through is serious, but there is no reason for the financial system to change. Furthermore, he repeated that in Ecuador we have constant political developments which have not destabilized financial activity.

National Stock Market Activity Has Declined

Arturo Quiroz Riumall, president of the Quito Stock Exchange, has said: "We people in the stock market are a thermometer for the internal situation in countries, since the influence of economic and political factors in the global context is reflected in the stock market with a great deal of precision."

Quiroz said that the situation in the country, due to the political tension as well as the problem of energy, has seriously damaged the image of the country abroad. As a result, it has been noted that the public is avoiding making long term investments. Instead, investors are choosing short term investments for 30, 60, and 90 days. The stock market is basically a place for long term investments. In view of the most recent developments, Quiroz recognized, "We have taken a step back from the expectations created at the beginning of 1995."

Paraguay

Wasmosy Returns From Taiwan, Holds News Conference

PY2808214295 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1610 GMT 28 Aug 95

[Report by Andres Caballero]

[FBIS Translated Text] Having concluded a state visit to the Republic of China [ROC], President Juan Carlos Wasmosy and his entourage returned to Paraguay. They were met at the airport by Vice President Angel Roberto Seifart and civilian and military authorities.

The head of state reported at a news conference the most salient points of his state visit to the ROC, such as the signing of agreements to attract more Chinese investments to Paraguay.

[Begin recording] [Wasmosy] We have also held talks with ROC authorities with hopes that Paraguay may be the springboard for the ROC's entry into Mercosur [Common Market of the South] and conversely, hoping that the ROC may be the springboard for Paraguay's entry into Asian markets. At the meetings we held with Chinese authorities and businessmen, they really displayed keen interest in our country. Seventy-two companies have already registered to set up shop in Paraguay to manufacture products using cutting-edge technology. These are not large companies, but small- and medium-sized ones, which are the ones we are most interested in because they create the greatest number of jobs.

I do not think it is necessary to go over all the agreements signed because there has been ample coverage of this in the newspapers. I would nonetheless like to highlight the letter of intent on cooperation on a feasibility study for the building of a satellite city across the river from Asuncion in Chaco-i, which includes road access to the San Miguel sandbar and then a bridge over the Paraguay River so as to divert the outbound traffic from downtown Asuncion to this new city.

We have also signed a memorandum of understanding for the promotion of an industrial park in Paraguay similar to the one they have in the ROC. They have invited scientists from other countries to establish a presence in this industrial park, where technological development is furthered and industries manufacturing telephones, radio equipment, and the most sophisticated branches of modern technology have been established using the latest generation technology.

We have established a protocol to update the Trade and Economic Cooperation Treaty between Paraguay and the ROC under which the leading ROC bank in Asia, the China Trust Bank, will establish a branch here, spearheading the funding of these undertakings with the intention of establishing a finance corporation, which is most important for our country.

[Unidentified female correspondent] With regard to the domestic situation and that country's stance on the military issue, did you discuss [words indistinct]?

[Wasmosy] I would rather be thoroughly informed about that subject before voicing an opinion. [end recording]

To conclude, the president of the Republic asserted that there are sufficient guarantees in our countries so that foreign investors may invest in Paraguay, adding that there are specialized policemen that investigate crimes involving the security of foreign capital.

Peru

Prime Minister Outlines Government Plan

PY2308192695 Lima Radio Programas del Peru Network in Spanish 0043 GMT 23 Aug 95

[Address to the Peruvian Congress by Prime Minister Dante Cordova on the government's five-year program at the Congress building in Lima — live]

[FBIS Translated Text] Madame Congress President Martha Chavez, members of Congress: In compliance with Article 130 of the National Constitution, I appear before this illustrious Congress in the company of the Council of Ministers, which I am honored to lead, to explain the government's general policy and discuss the basic cabinet guidelines which were outlined by the president in the speech he delivered before this honorable Congress on 28 July.

It is our intention to promote a constructive dialogue so that through a plurality of opinions we may achieve more support for the important task of continuing to promote Peru's development.

The Challenge of the Future: As the president has stated in his message to the nation before this Congress, in the next five years we have to make a joint effort to make a leap forward and achieve the rebirth of the nation. This will mark the difference between circumstantial and structural matters, between what is permanent and what is temporary, between the future of this generation and the generations to come.

Peru's current situation is significantly different from that of 1990 when the country was experiencing the most serious crisis in its modern history. At the time, Peruvians were experiencing a highly unstable situation characterized by terrorism, hyperinflation, international isolation, social disruption, the constant decrease of all economic and social indicators, and the generalized feeling that nothing worked in Peru.

Amid this prevailing disorder, the government was unable to exercise its basic duties and implement the rules of the game that would effectively promote development on the basis of social justice.

Over the past five years, however, Peru has experienced a radical change that has allowed it to achieve the necessary political and economic stability that are necessary to face with a different perspective the great challenges of the modern-day world.

This presupposes striving to achieve a better future, one that will offer a greater well-being and better opportunities for all Peruvians without exception.

Madame President: The stability we have achieved has been possible through the implementation of a successful pacification process, a disciplined economic stability program, and an ambitious structural reform program that seeks to modernize the bases of the national economy.

Nevertheless, what has been accomplished in the past five years was essentially achieved through the generous sacrifice and great effort of all Peruvians, particularly the poor who made daily sacrifices which have enabled us to establish the basis for a better future.

Five years ago, very few would have believed that Peru, which was at the edge of the abyss, would be able to experience such a great transformation in such a short period of time and achieve in 1994 the highest economic growth rate in the world, the lowest inflation rate since 1973, net reserves totalling about $6 billion, and the imprisonment of almost all terrorist leaders. Undoubtedly, in view of this we are now optimistic and confident about the future development of the country. However, the most important thing Peruvians have accomplished in these past five years is the reversion of their skepticism about Peru's future and the recovery of their confidence in the future, something which they lacked in 1990.

The administration is aware that the large number of votes obtained in the recent general elections does not only indicate support for what it has done but also a command for what it is about to do.

In view of this, we are willing to make the greatest of efforts so that in a realistic and responsible manner we will not disappoint the expectations of the people.

Madame President: The administration will not be self-indulgent because of this. It would much rather remember the goals achieved in the 1990-1995 term in a humble manner and consider it an expression of its optimism for building our future with hope and decision.

To achieve this goal we need to forge a joint vision of our destiny because our future does not only depend on what the administration can do but mainly on what civilian society can do, and this entails the participation of all citizens and institutions. We need their contribution to remove those obstacles which in the past have blocked the dynamism of the Peruvian people.

In view of this, the cabinet I lead wants to center this speech to Congress on the future and the manner in which the administration intends to institutionalize the deep changes that have been implemented with the objective of inserting Peru in the 21st Century with a strong economy and an integrated society.

The Struggle Against Poverty as the Axis of the Government's Policy: The implementation of a dynamic nationwide crusade against poverty that will permit, as announced by President Fujimori, achieving the ambitious goal of reducing the levels of extreme poverty by 50 percent by the year 2000, will be a distinctive feature of our government action and our development policy for the next five years. This goal will be achieved by gradually increasing the government's social expenditures and through an efficient state effort to concentrate the existing limited funds in productive investments in the poorest areas and groups.

Emphasis will be placed on the rural population living in the Andean highlands and the hamlets in the jungle region where the largest number of extremely poor people live. This will only be possible if we overcome the criteria that frequently prevailed before 1990. These criteria were aimed at resolving poverty through the careless allocation of scarce fiscal funds with disastrous consequences for the poorest people, especially for those who needed to benefit most.

Now we are proposing a responsible policy that will ensure that the benefits of development will be shared by all Peruvians and will guarantee the subsistence of the favorable effects of this process in the long term.

Based on the achievements of the past five years, the government will enhance the effort against poverty, which has already been initiated, by implementing an integral and consistent policy. Government actions have to enhance the well-being of all Peruvians by improving the standard of living of the population, especially that of the poorest segments, building a more integrated society to support the calling for a true democratization of domestic activities, and achieving a society with increased solidarity through the acknowledgment of the unfeasibility of systems in which arbitrary neglect and injustice exist.

Development not only requires being aware of the opportunities and risks facing the Peruvian economy and Peruvian companies, but improving the standard of living of all Peruvians within an atmosphere of well-balanced economic, social, and environmental issues viewed as a whole and not in an isolated fashion.

Development, Madame President, involves more than economic growth. Population growth, meeting basic needs, and achieving a balance with the funds available represents a manifold challenge in the Peruvian development process. Therefore, economic growth alone is not sufficient. We must strive to achieve equitable social development.

Within this context, the approval of sufficient appropriate jobs represents the best way of overcoming the social deficit of opportunities that have been missed over various decades.

Private investment represents the main component of this effort whereas public investment, involving the infrastructure supporting production, basic social expenditures, or the dissemination of information to create opportunities, represents an economic complement to improve the overall efficiency and competitiveness of Peruvians.

Curbing inflation, continuing growth, and the announcement of increased fiscal funds are processes that will continue to improve the standard of living of the population, especially the poorest segments of the population.

According to a nationwide poll on standards of living in the Andean highlands carried out in mid-1994, the percentage of critically poor families fell from 54 to 48 percent, whereas the percentage of extremely poor families fell from 24 to 18 percent as compared with a similar poll carried out in 1991. According to the poll carried out in mid-1994, the real expenses incurred by the poorest segment of the population increased 36 percent as compared with those of 1991, whereas the real expenses incurred by the entire population increased an average 22 percent as compared with those of 1991.

Nevertheless, the government is fully aware of the existence of unacceptable levels of poverty. While overcoming the social deficit through the promotion of appropriate jobs, a special effort will be made to install basic utility services for our country's poorest segments of population.

The program drawn up for the next five-year period includes the use of all the funds available in the annual budget for meeting social targets.

As far as nourishment is concerned, the government will carry out actions to reduce malnutrition by tending to specific groups of high nutritional risk such as pregnant women and mothers who are breast feeding, children under three years of age, and 3 million schoolchildren, among others.

The government will also continue to support through soup kitchens the nourishment of 2 million people from poor urban and rural sectors and 70,000 members of rank-and-file organizations.

Madame President, the social and economic development currently under way in our country must encompass the great majority of Peruvians, from the peasant of Acobamba, Huancavelica, Huaylas, and the Callejon de Conchucos to the worker in Lima; from the retail businessman in Tumbes to the miner in Puno; from the potter in Churucana to the farmers of Puerto Esperanza on Purus River. This will entail a sustainable effort over time, taking into account that one cannot do everything at once, that it is not possible to change overnight the pitiful social situation inherited following decades of stagnation. It is, therefore, necessary to establish a number of concrete priorities that will make up a coherent and tight government program in order to assure that the basic needs of the Peruvian population will be met in the medium term.

The strategy to embark upon the path of building an integrated society characterized by solidarity, a society with the greatest well-being, will be based on a coordinated action on five broad fronts: First, maintaining economic stability and strengthening structural reforms to guarantee sustainable growth; second, the adequate administration and correct use of public resources to improve the social and physical infrastructure; third, the creation of productive jobs; fourth, the promotion of an environment of peace on the domestic and international fronts; and fifth, the modernization of the state.

Maintaining Economic Stability and Strengthening Structural Reforms: Guaranteeing the maintenance of economic and political stability through concurrent pacification, stabilization, and reform programs constitutes one of the conditions for continuous transformation the Peruvian economy into one of the most dynamic ones in Latin America. Economic policy will continue to be based on tight fiscal and monetary policies, on boosting demand in a way that is consistent with increasingly higher levels of domestic saving, on a floating exchange rate, market rates, and the opening up of our economy to foreign competition. This economic policy will be instrumental in rolling back inflation to five percent per year as of 1998 and in achieving an average GDP growth of six percent per year from 1995 to the year 2000. Hence the per capita production increase of 30 percent in the 1990's.

The incumbent administration will continue pursuing fiscal and monetary discipline as the key elements for curbing inflation, for providing more credit for the private sector, and for achieving economic growth. Furthermore, it will continue performing the important task of increasing tax receipts. With this end in view, the incumbent administration will enhance tax collection and supervision programs geared to achieving correct and timely tax payment and the broadening of the tax base. In the year 2000, the national government's current revenues will represent no less than 15 percent of Peru's GDP. This will not only boost domestic saving to levels that are consistent with macroeconomic goals and generate the resources the state needs to meet expenses in social programs, national security, and infrastructure, but will also be a vital element to forge a solidaristic and responsible society. No less than 40 percent of the national budget will be appropriated for social outlays, which will be focused on programs to allay and reduce poverty placing special emphasis on the provision of basic social services like education and health care. This will enable the fostering of economic growth and an increase in job opportunities.

With regard to the exchange policy, the incumbent administration will maintain the current floating exchange rate policy with interventions by the Central Bank to prevent speculative fluctuations. This exchange rate policy — together with fiscal discipline and structural reforms — is aimed at enhancing the competitiveness of our exports.

Monetary policy will be consistent with the objective of preserving price stability. The incumbent administration will continue to faithfully abide by the principle of not living beyond one's means by enhancing its austerity and thrifty expenditure policy. Problems arising from the business cycle will be handled without losing sight of the basic program guidelines, namely by effecting the necessary corrections within the same model.

In this regard, we reaffirm the basis of juridical and economic stability which created confidence in the opportunities offered by the country. Those who contributed and will continue contributing to strengthen the country with their investment can rest assured that the economic policy will not be changed, but improved.

On behalf of all the members of the Council of Ministers I have the honor to preside over, I pledged compliance with the economic program because this is one of the pillars for growth, for more jobs, and for social development.

Private investment increased during 1994 by almost 30 percent and continues to increase this year. This level of investment ensures the viability of the sustained development of production and exports in the medium term. The high and growing national and foreign investments reflect the environment of confidence and security prevailing in the country. In comparison to the scarce $124 million of foreign investment during the 1985-1990 period, from 1990 to 1995 foreign investment reached $5.3 billion, of which 70 percent represent medium- and long-term investments.

The foreign investments promised for the next five years, mainly in mining, oil, and telecommunications, represent $5 billion. These investments along with the ones that will be made within the privatization process will allow in the next five years the influx of direct foreign investments of not less than $1.5 billion as an annual average.

The massive entry of this capital since 1993 had an impact on the exchange rate, but this effect was mitigated through a prudent fiscal policy which prevented our currency from being devalued more than the currencies of other countries of the region that are in the same situation.

Therefore, although the real exchange rate fell seven percent in 1994, the volume of exports increased by 17 percent and its value by 30 percent. By the end of July this year, the real exchange rate recovered by five percent in relation to the same period last year. Our objective is to double our exports so that by the year 2000 our exports will reach $8.5 billion. By that time this amount will be greater than the amount of imports. The important investments being made mainly in mining and the ones to be made in agriculture will make a great contribution toward this objective.

The reforms introduced for eliminating the high costs contributed to facilitate exports through the improvement of roads, the deregulation of port and merchant ship activities, and air transportation. The reforms were made by improving the infrastructure of ports and airports with advanced technology to make them more efficient and competitive. For example, the maritime freight of coffee in a container of 20 cubic feet from Callao to New York cost $2,300 in 1992, but now the same freight costs only $1,300.

The value of imports grew by 39 percent in 1994 and increased by 50 percent in the first half of 1995. Of the total imports, the ones which increased more were capital goods due to the increase of investments which will allow sustained growth in the medium term.

In 1994, the deficit in the current account was five percent of the GDP and was mainly financed with long-term capital. This contributed to the establishment of insurance against speculative movements of capital such as those that occurred in other countries in the region. Despite the existence of this deficit, the overall balance of payments is positive. More than $3 billion in international net reserves were accumulated during 1994. Therefore, the balance was $5.991 billion by July of this year.

The progress toward reinserting the country into the international financial system is also significant. The arrears with the international organizations were resolved in 1993 and the renegotiation of the foreign debt with the Paris Club was a positive step for the country. Renegotiation will also be held with the Paris Club in 1996 to obtain relief at least similar to that obtained in 1993.

These negotiations must harmonize our real possibilities to repay the debt while, on the other hand, conform to the current terms of the negotiations used by creditors and the market prices of the debt. The plans for settling the debt with creditors which include debt swap for investment and debt swap for donation will help the government increase investments and reorganize public financing as well as to strengthen the social support programs.

After the legal problems with the creditor banks were overcome, we are now negotiating with them within the framework of a complex strategy. The success of these negotiations depends on maintaining secrecy. I am sure the honorable national representatives will be able to understand the delicate aspect of this process and I would like to assure the country that, through this process, we are negotiating the best conditions for Peru. In concluding the current negotiations, the government will release information on this delicate process.

The strength of the current economic program was put to test recently. Neither the Mexican crisis, the conflict with Ecuador, nor high international interest rates had a significant effect on our economy. This reaffirms the need to continue our path of austerity and efficiency to achieve the economic and social development all Peruvians want.

The improvement of the structural reforms for modernizing the basis of our economy also plays an important role in this effort. The recent promulgation of laws in key areas of the Peruvian economy allows expansion of the sources of growth, and thus greater employment, production, and internal savings.

The new land law will turn the agricultural sector into a driving force in the near future. The labor reform will encourage job opportunities and labor production, as well as more jobs for youth which is where the highest rate of unemployment can be found.

The social security reforms seek to increase internal savings and turn them into a solid basis for increased production in the medium term. [words indistinct] of the reforms are based on the development of efficient and competitive markets because the success of all economic agents should depend essentially on their efforts. The dissemination of these efforts within Peruvian society will be a main concern for the next few years.

Thus, efforts will be made so that the appropriate institutions have autonomy, impartially, and enough technical training to guarantee strict respect for property rights and the fulfillment of contracts from transactions made in the market.

Within the new economic plan in the country, the specialization, simplification, integration, and modernization of public registries play an important role in providing juridical security and reducing the costs of economic operations. This without any doubt will contribute to the development of the country and the stability of investments. The national public registry system was created for this purpose. In the future, the necessary resources will be provided for its modernization and for training its personnel.

Another crucial reform for building a better future for the country is the privatization of state enterprises. From the start of this process, 87 state companies of several economic sectors have been sold for $3.651 billion to the private sector. The privatization program is setting the basis for a more efficient operation in providing goods and services. This is how the government sees this process, not as a end in itself, but as a means for reaching greater social efficiency.

The privatization of public services involves operations which, through the resources of the private sector and advanced technology, will improve the coverage and quality of the services under a system of efficiently regulated tariffs by organizations that are autonomous, impartial, and technically orientated.

As President Alberto Fujimori announced recently, the privatization process will conclude in the next few years with the transfer to the private sector of important companies which are still under the state. The transfers will be made with the same clearness and efficiency that has been implemented throughout this process.

One of the most important and meaningful programs that will continue to be implemented during the next five years within the framework of the privatization process is the Citizens Participation Program. The participation of many small investors in the privatization process is essential for the consolidation of Peruvian economic development.

The Citizens Participation Program is closely associated with the following objectives: First, the dissemination of a free market culture within Peruvian society as an essential step to consolidate, in the medium term, the program of structural reforms that began in 1990.

Second, many people will become owners of companies with good development prospects, which will expand the base of people who directly benefit from the opportunities offered by the privatization program and also improve the distribution of wealth in the country.

Finally, the Citizens Participation Program will also help expand the capital market and offer medium term savings and investment alternatives that in turn will generate future financing sources.

The current times are very appropriate for this kind of program. The political and economic stability we achieved in the past five years have again made Peru attractive to investments, be they domestic or foreign.

At the same time, the progress attained through the privatization program now allows us to continue with a more mature stage of development that must be reflected in a considerable expansion of our base of investors. Thus, this is a very favorable moment for the ambitious Citizens Participation Program within the privatization process framework. As the president of the Republic announced in Congress on 28 July, it will allow no fewer than 400,000 Peruvians to own shares of efficient and profitable companies. [applause]

Appropriate Administration and Allocation of Public Resources: In addition to the continuous concern with increasing state resources to improve the living conditions of the poorest citizens, there is an essential interest on the part of the government in guaranteeing efficiency and quality in budgetary allocations. There is, moreover, interest in establishing a system of priorities that will be in line with the state's new role, and that will be focused on the supplying of social services such as education, health, and basic structures — both physical and institutional — that will have a greater social impact, given the shortage of resources.

Education: The new administration of President Fujimori believes that it is essential to improve the quality of Peruvian education because we consider it the principal means to attain the social development our country requires. This is the reason for the administration's basic concern with significantly improving the quality of education, especially basic education.

President Fujimori has defined his second term in office as a term of creativity and search for excellence. Creativity and excellence in education will only be possible if we put aside the extreme ideologies that dominated discussions related to education over the past 20 years. Therefore, Madame President, it is essential to strip the discussions related to education of political interests; otherwise, our discrepancies will not allow us to unite ourselves when defining the future of our children and youth.

Consequently, stripping education of political interests must become everybody's commitment. This administration wants to heighten, by the year 2000, the different aspects of a modern education that will allow us to decidedly face the challenges of the coming century. We are convinced that partial and short-term solutions do not work for education, which requires medium- and long-term plans.

Therefore, the 1995-2000 education plan envisages the following proposals:

Ethical Education: Our country must recover a set of values that must be reflected in the daily activity of each Peruvian so that our country can consolidate a society of justice and solidarity that respects life and liberty.

Education for Human Development: Our education demands an overall development of all Peruvians, and not only the transmission to our students of data and information often useless and requiring continuous repetition for memorization. Our students must be able to develop competitive skills for daily life, competitiveness in terms of aptitude, skills, abilities, and knowledge that might be useful for the improvement of their personal and social reality.

Education For Work: Our country demands an education that will link our youth to the world of work and prepare them for performance in activities that will produce goods and services. We need an education for employment, not for unemployment. We need an education to train our youth not only to seek employment in a competitive employment market, but also to create their own productive work, to become themselves generators of employment. Education must be integrated and connected with development and production, with the possibilities of generating wealth and employment. All this must be realized within the framework of the process of modernization and transformation of the country's productive structure.

Education for All: A good education for all is one which is based on equality. We want to fully take advantage of all opportunities. We want the most and best education for all Peruvians, with no exceptions. We must reduce the number of drop- outs and encourage success to reduce to the minimum the need to repeat grades in school, and work unfalteringly toward an excellent education for all Peruvians.

Education in Accordance With Reality: Our country is multicultural and multiethnic. We cannot, therefore, educate our children and youth from the lower jungle area or from the Andean high plateaus with the same education programs used on the coast. For this reason, our education will have to be adjusted to the reality of the regional and local scenarios of our Peru, respecting the individual and social characteristics of our students. To develop this proposal, our government will conduct a great program for the improvement of the Peruvian educational program. To achieve this, we will review and readapt the professional training of teachers regarding their curricula vitae and the minimum quality standard that each education center for teachers must necessarily have, both in the universities and in the pedagogical institutes.

We will modernize the school curricula, which implies assimilation of the changes that are taking place in the different fields of development in the country and the world, to make them integrated, efficient, applicable, and consistent.

In Peru, the highest rates as far as students dropping out of school are found in the first grades of elementary education. This situation causes frustration among children and impairs the development of their personalities and sense of self-esteem.

Many of those who drop out of school in the first elementary grades do so because of the lack of continuity between the initial and primary levels. To solve this situation, we are placing maximum priority on attention to children in the first grades, outlining a continuous pedagogical plan between the initial and primary levels so as to drastically reduce the early incidence of dropping out of school, and to build a solid intellectual framework for our children that will guarantee planned overall competitiveness during the elementary and secondary levels.

The new curriculum programs will comply with a new profile of the students, seeking the achievement of better levels of psychological, physical, cultural, and social development. In addition to being industrious and motivated, students must be connected to the world of work and production.

We will adjust the education textbooks and materials to the regional situations, and we will continue distributing these books and notebooks among elementary school students. The teacher must be the first to be trained for work. Thus, we will conduct a national teachers' training program.

For our government, Madame President, the teacher is not the problem, but the solution. Therefore, in line with this concept, we are intensively working on training our teachers in accordance with the most modern methodologies and techniques.

We must tell our society, tell Peru, that the teacher continues and will continue to be the key of the entire process designed to improve the quality of our educational program. We cannot attain our objective of improving the quality of our education without the teachers. There are no schools without teachers. A successful educational program is not possible if we do not solve the teachers' basic problems, if we do not train them to confront the challenges of the future, and if we do not restore the important role they play in these changes.

The measures the government will implement range from the gradual improvement of the teachers' living standards to planning how many and what type of teachers we want to train and how to adequately update those already on the job. [applause]

Our government intends, first, to improve the teachers' living standards through a salary policy that, according to the available funds, will reward the teachers' merits as well as their initiatives and creativity. Second, it intends to offer courses and permanent long-term training courses that will allow the pedagogical updating of the teachers, who will teach practical things in keeping with the most modern teaching methods and technologies and, at the same time, take advantage of the multiplying effect high-quality training and teaching programs have. Our government considers training a teacher an investment rather than an expenditure because, in the long run, it pays a return. Third, the government intends to implement a selection process that will allow teachers to secure a position as such through public contests in which only their capacity and professionalism will prevail. Fourth, we will substantially reduce the proportion of teachers without a degree by promoting their professionalization.

In the plan to improve quality, a key issue regarding elementary and intermediate schools is their administration. The ministry's bureaucratic apparatus has stripped the administrative power from the directors of our education centers. Currently, the school directors have no decisionmaking power nor any management tools that allow them to truly and properly administrate the education centers. They do not draft the education centers' budgets, they do not grant their teachers' leave permits to which they are entitled by law, they are not allowed to [words indistinct] resources for their schools, they do not have any say in the matter when it comes to hiring teachers to cover vacant posts, etc. In other words, this system makes it impossible to evaluate a director for his performance. The process to improve the performance of the education centers will make it possible for each education center to become, in the future, a small autonomous administration.

Madame President, the aforementioned means reasserting a free education system but with modern and well-equipped premises, appropriate curricula, educational texts and materials, and properly trained teachers who will guarantee a high-quality education in Peru.

Moreover, the government has distributed hundreds of computers to schools throughout the country. The next step will be to develop a computer network that will allow, for even the most distant schools, access to any type of information and a broad choice of educational programs and other educational resources, in addition to extracurricular activities and sports, with the participation of the parents and citizens in general. Therefore, soon the Peruvian elementary and intermediate schools will become cultural centers of their respective districts or provinces. They will become the places where children and youths, parents and teachers, find the necessary means to learn.

A pilot development program to create Education Centers of Excellence for the 21st Century will be implemented as of 1996. An attempt will be made for the innovations that are developed in these centers to have a multiplying effect and be duplicated throughout the educational system.

Moreover, as of 1996 we will implement a program for the maintenance of school premises to meet basic needs such as the repairing of doors and windows, bathrooms, painting of walls, etc. One million students will benefit with our first annual program. This maintenance program contemplates the participation of students and parents as part of the civic process to maintain and take care of schools, as well as an employment generation source for our society.

Educational institutions will be modernized commensurately with the redesigning of the Education Ministry's role and structure. Training programs for the administrative personnel of the Education Ministry will likewise be implemented.

The Education Ministry will make concrete proposals to modernize and simplify the educational law. During this new presidential mandate, the Education Ministry must recover its role as a director bringing pedagogical efficiency and supervision closer to the schools and not keeping them removed, as regrettably happens nowadays.

We will develop and implement an educational quality program that will allow us to permanently evaluate our accomplishments so as to multiply them and immediately correct our mistakes, avoiding the cause of harm to any generation of students. Nothing is more important than to prepare the youth for the future.

As for high school education, we will stress a solid education that will make it easier for young people in the future to learn new useful skills for their jobs. A business culture will be promoted among the youth, stressing aspects of employment, training, and knowledge so as to attain a better performance in the labor market.

Along this line of thought, we will develop programs that will make universities meet the goals that directly pertain to them and those of national development. This decision is meant to make up for a mistake that has lasted nearly 30 years. We are referring to the incorrect interpretation of the concept of university autonomy, which was understood as university exclusion, and which has only impoverished and isolated the universities.

Regarding the strictly academic aspect, the administration wants the universities to find, in the short term, solutions to harmonize relations among high school, technical, and university education programs. We believe that a student's degrees from high school and higher studies institutes should be taken into account with regard to his admission into a university.

The new university model that must be created must be in keeping with the real meaning of university autonomy. Autonomy will no longer mean freedom for students to avoid complying with their concrete duties toward society. On the contrary, autonomy must represent freedom to carry out research projects and tests, and to transfer ideas, methods, and instruments for the benefit of the full development of society. This is the only interpretation of university autonomy that is consecrated in the Constitution and that is defended by this administration.

Thanks to the policy applied during the first presidential term of President Fujimori, the universities began to undergo a process of positive changes that must continue being promoted and encouraged. We are referring to the new paradigm currently faced by university life: The university-production-companies relations.

In order to meet this objective and to help develop professional technological education, greater closeness to the productive and service sectors is necessary. Business and professional organizations must make greater contributions to education and help create schools of excellence. Companies are the best qualified institutions to help define education requirements as well as the profiles, contents, and strategies of professional education. Companies possess the appropriate teaching environments and equipment that cannot be found in the current educational system.

We firmly intend to implement a program to train leaders in the best educational centers of the world so that they can return to direct scientific and technological development in Peru. These actions will raise the efficiency and productive standards of Peruvian education. We must attain an educational process that does not end in the classroom, but rather projects itself throughout the course of a lifetime.

Health: The government policy aims at raising the health standard of the Peruvian people, seeking total and permanent rendering of health services. This implies that the current differences between a minority that has access to health services and large population groups that do not must be reduced. This implies that health services must be extended to a larger number of beneficiaries, especially the most defenseless ones. Health services must be decentralized to allow the state administration to become more efficient.

We will likewise promote competitiveness among the institutions that render health services, thus reinforcing free decision and choice by the users of health services.

The health policy will seek to improve the quality and coverage of services for the population at risk. This is why the administration is promoting the efficient and rational use of the installed capacity of the public health system. The administration urges the people to first seek assistance at their local health centers, which the Health Ministry has created in order to reduce the number of patients in hospitals. This will allow hospitals to really dedicate themselves to the more complex cases for which they have been created.

New medical equipment will be purchased so as to incorporate modern technology into a total of 3,380 health centers that need reequipping. This will likewise be complemented with several actions seeking to harmonize the administrative and operational capability of the national health services.

The strategic goals of the new presidential term that is now beginning seek to attend to the principal health problems in Peru. Attaining these goals means understanding the geographic, economic, and social diversity and heterogeneous nature of our country. This requires a technical and social classification of priorities to allow the implementation of cost-effective actions that will help reduce the existing differences by creating opportunities for well-being and progress for the entire population.

Within this framework, some of the goals that must be achieved by the end of this century are the following:

Considerable reduction of the infant mortality rate and chronic malnutrition among children under five years of age. Control of prenatal tetanus and iodine-deficiency disorders. The death rate among mothers must be reduced to 10 for every 10,000 babies born alive. The death rate as a consequence of malaria must be reduced by 50 percent. Yellow fever, [word indistinct], and dengue epidemic outbursts must be totally brought under control.

Other goals will likewise be advanced during the next five years, including 100 percent measles vaccination coverage for children under five years of age by 1996. This virus must be totally brought under control by 1998. The death rate as consequence of tuberculosis must be reduced by 30 percent by 1996, and by 50 percent in 2000.

National population policy: The basic goal of the population policy that will be implemented during the 1995-2000 period is to ensure access to broad and appropriate information on family planning for the people. Our policy, in keeping with Article Six of the Constitution, is based on the rights of individuals and families to freely decide the number of children they want to have. Our policy is therefore totally unrelated to compulsory or coercive actions. [applause]

Consequently, actions in this field are not a government imposition but a response from the government and civilian society as concerns the right of couples to freely decide on the size of their families, that is, on the number of children and the age difference they want between them, and their right to choose the most appropriate family planning method according to their health and in keeping with their values and principles. In order to meet this goal, the mechanisms of coordination between the different sectors and communities must be strengthened.

The national population policy must help modify the mechanisms that favor excessive concentration of the population in large cities and help improve the security and standard of living of the poorer classes in Peruvian society. The population policy can make an important contribution to the communities banished from their land by terrorism once they return or resettle in their own or new land.

In order to promote the full exercise of women's rights, projects that favor equal opportunity treatment will be advanced. Within this context, the government will soon send to Congress a draft bill fully regulating the labor situation of working mothers as established by the Constitution. [applause]

Development Infrastructure: In keeping with our efforts to combat poverty and generate jobs, our administration affirms its public investments policy for the 1995-2000 period with the purpose of making rural economies more dynamic by promoting the social development of our provinces and by creating appropriate conditions for private investment.

In this regard, we will continue to prioritize public investment in highway, airport, and port infrastructure, electrification, basic sanitation, education, and health programs. These investments will, in turn, allow for the expansion of private investment to currently neglected zones. As for the highway infrastructure, we will prioritize programs for feeder and rural roads. This will also reduce land transportation costs and give our farmers' products a chance to reach national and international markets with competitive prices and make it possible to increase production.

The government intends to invest no less than $1 billion in paving and repairing 10,000 km of highways linking the capitals of all departments and provinces. Among some of our main projects currently under way is the paving of highways going through the following towns: Chiclayo, Olmos, Bagua, Moyobamba, Tarapoto, La Oroya, Huanuco, Tingo Maria, Pucallpa, Tarma, La Merced, Satipo, Pisco, Ayacucho, Nazca, (Puc), (Ochalhuanca), Abancay, Cuzco, Arequipa, Juliaca, Huancane, Puno, Desaguadero, Tacna, and Tarata. We will also implement a program for the repair of 20,000 km of rural roads that will demand an investment of $400 million. This program has a basic social objective because it is directed toward the most neglected towns of our country. The implementation of this program will require professionals, experts, labor. As it will be implemented in rural zones, it will mainly use local labor. Therefore, this project represents another tool to fight poverty because it will generate jobs, in this case a total of 130,000.

Madam President, this program will also make our rural roads usable again, thus linking the small hamlets to the medium and large consumption centers. This program will also improve the streets of those towns through the paving of 220 km of roads. More than 300 Andean towns in the most neglected Peruvian areas will benefit with this plan. Overall, two million inhabitants will benefit with the government's rural roads program. This program is already under way in departments considered the poorest, such as Huancavelica, Ayacucho, Apurimac, Cuzco, Ancash, and Cajamarca. As of 1996, this program will be implemented in all Peruvian departments.

To prevent our highways from deteriorating again, as happened in the past, we have organized the National Highway Maintenance System and we are constantly repairing and preserving our roads. Highway maintenance is a good investment for the country because it cuts back costs in transportation services. Moreover, for each dollar invested in the maintenance of roads, the country saves $5 in future reconstruction of the road. The maintenance of the main highways will be done with the participation of private enterprises. At a departmental and rural level, we will promote the setting up of micro-enterprises for preservation and maintenance that, in addition to generating jobs, will teach the people to preserve our highways.

As for the air transport infrastructure, we will continue to repair the existing airports and airfields, thus providing access to any part of the national territory. We will also promote the development of civil aviation. The most important project will be the repair of the tarmac at the Jorge Chaves Airport in Lima.

In addition to the aforementioned, any town with more than 500 inhabitants will be linked to the national public telephone system. This will give them direct access to national and international telecommunications, and will allow them to transmit faxes and data. This implies expanding the public telephone network by more than one million new lines. Consequently, Peru will see an increase from three telephones per every 100 inhabitants to more than eight. This will place us above the average rate in Latin America and, what is more important still, allow us to link 3,500 Peruvian towns.

All these actions add up to the government's social infrastructure program already under way. The social infrastructure projects play a transcendental role in the main objectives of the coming five years due to the impact they will have in the struggle against poverty, especially in the most neglected regions of our country. Within the framework of the government's social program, during the 1996-2000 period a total of 3,000 schools will be built and repaired. Approximately 2.5 million students will benefit from this plan. Moreover, the government will distribute packages of teaching material, two million [word indistinct] folders and packages. Moreover, in support of the nutrition program, each year the government will distribute three million breakfast rations per day to the poorest students. The government will also provide 260 new soup kitchens.

In the housing area, more possibilities will be granted to poor people to obtain their own houses. To achieve this, apartment houses will be built and loans will be granted continuously for the construction of houses through supervised credit programs, as well as for the purchase of construction material, or for the completion of houses.

Within the framework of the program to support repopulation, at least 100 community centers will be built in zones of extreme poverty. Within the framework of the social support program, drinking water access and service will be increased in the rural and poor urban areas. It will be increased from 64 percent in 1995 to 80 percent in the year 2000. Moreover, sewage service system access will be increased from 65 percent in 1995 to 75 percent in the year 2000. Likewise, the construction of small housing projects will continue in compliance with the demand of the poorest population sectors.

Agriculture: The agricultural area, on which approximately one-third of the Peruvian population depends, is the current subject of profound reforms. The new land law will turn these sectors into essential sources of growth and employment generation. There is, however, the need to implement some significant changes, such as the unpostponable water law and the establishment of clear rules for forestry exploitation.

We plan to achieve a modern agriculture with an average growth rate of approximately 5 percent, which means that the per capita food availability will improve substantially, contributing to curbing the nutrition deficit which affects most of our fellow citizens.

To achieve this objective, the following actions in the agricultural area will be a priority: The establishment of mechanisms to protect national production from unfair competition concerning basic nutrition products imported with international subsidies.

Strengthening the national animal health system is also a priority. Our export potential is seriously affected because many of the products we can sell abroad are suffering restrictions of a phyto-sanitary nature. While we are unable to sign animal health protocols with the different countries with which we want to trade, our products will continue having one single destination — the national, and not the international, market. To open the doors of the international market to our agricultural and livestock products, it is essential to carry out serious and profound work in this area.

Moreover, special emphasis will be placed on genetic engineering and biotechnology to obtain good-quality seeds and planktons and high-productivity harvests in compliance with current demands of the international market. We will also strengthen the national agrarian reform service to help farmers plan their planting programs with a better entrepreneurial concept.

Land Titles. The recently promulgated land law is an instrument which will promote modernization of the agricultural area on the coast and in the jungle and Andean regions, and promote the inclusion of the peasant communities of Peru into the national and international market, thus turning the farmers into [words indistinct] and trustworthy partners in the market, as well as allowing the entry of technology and high-productivity harvests, including for export purposes.

Preferential attention will be paid to the area of granting land titles to peasant communities. The legal recognition of their properties will help the peasants who are today forced to depend on informal traders to seek credits from the banks, and to associate themselves with national or foreign investors. A duly recorded land title is the link the peasants will have to defend themselves from possible third-party usurpers. This is also the manner to appraise small property and use it as guarantee for loans. For this reason, our government will continue with the program of granting land titles and land registration at the national level, and will meet the demands of the communities that might request them, as well as the demands of the agricultural area in general.

Let us recall that our government, during its first term, granted 120,300 land titles to individual owners, peasants, and native communities. This land title program, in conclusion, will be an essential instrument in the alternative development program to replace coca crops by farmers who have their own land titles, because they will have easier access to credits for alternate crops and plantations.

Another priority is to promote investments in the modernization of the marketing and storage systems, so that the peasants will be able to obtain better prices for their products. Moreover, processing and exporting agricultural products of great potential will be promoted. These products will be obtained when the right to property is clearly established, and in conjunction with good rural roads and excellent highways we Peruvians can verify today.

Madame President, the sum of these two efforts — the highway integration to the market, and the legal integration through the recognition of the right to own property — will help transform our Andean region into a zone integrated to national and international markets within a few years. [applause]

Electricity: In the electricity area, we will continue implementing the national electrification program, with the purpose of expanding coverage so that the 57 percent of the population which enjoys electricity service will be increased to 65 percent by the year 2000. We expect an investment of approximately $1.2 billion in generation, transmission, and distribution by the private sector, and the continuous creation of permanent and temporary jobs equivalent to 4,500 jobs yearly for the projects to be implemented.

Moreover, the state will invest approximately $500 million in transmission lines and small plants, which also supposes the generation of more jobs, and $700 million more in some medium- and large-size hydroelectric and thermoelectric plants.

This program will benefit approximately 3 million people, with approximately 1.4 million electricity supply links. The main projects to be developed during the next five-year period are as follows:

Transmission lines: Tintaya-Socabaya, Cerro Verde-Mollen, Lambayeque-Cajamarca, and Talara-Piura; electricity plants: San Gaban, Yuncan; thermoelectric plants with a total of 1,000 megawatts.

Surely the mining sector will be one of the main promoters of economic growth in the medium term. Private investment will be further promoted in the next five-year period, with the hope of securing more than $5 billion. The new investments and the existing investment commitments, as well as the increase in production, allow us to foresee that mining exports by the end of the next five-year period will reach an amount exceeding $4 billion.

In the field of hydrocarbons, an increase in petroleum production will be promoted, seeking to adjust the commercial balance of hydrocarbons with the idea that Peru can become self-sufficient as far as petroleum is concerned, with possibilities for exporting significant volumes. Likewise, we will promote projects for the exploitation of natural and condensed gas reserves from the deposits of Camisea, following the negotiations that have already begun with the consortium (Chase Mobile), should they become favorable.

Additionally, exploration of our hydrocarbon basins will continue through the signing of new contracts, while technological improvement and modernization of refinery plants will be promoted, with the purpose of increasing their efficiency and ability to supply products that will meet the need to protect the environment.

Industries: The industrial sector is facing a recovery process. In 1993, it increased by 9.3 percent; in 1994, it increased by 17.8 percent; and during the January-June 1995 period, industrial production experienced an increase of 6 percent as compared to the same period the previous year. We expect to reach an 8 percent rate by the end of the year, and to achieve similar growth in 1996.

Moreover, the use of the installed capacity has developed favorably, with the realization of a rate of 63.5 percent in June 1995. Moreover, foreign investment in the industrial area recorded an increase of 18 percent during the past year, with an accrued stock of $602 million.

Another highly favorable indicator involves productivity, which has been growing at a rate of 12 percent annually, a rate we hope to maintain during the forthcoming years.

In the fishing sector, in particular, our government has adopted a promotional stance to create a favorable climate of confidence and to offer opportunities that will allow businessmen in the fishing sector to increase the supply of products intended for direct human consumption, both in the domestic and foreign markets.

It is estimated that during the next five years, the canning industry will increase significantly due to the use of the existing idle installed capacity, and the setting up of new packing plants and plants for the production of packing material. Likewise, the frozen food industry will also grow significantly. It is estimated that it will amount to no less than 300,000 metric tons per year.

Tourism: Tourism has experienced a noticeable recovery, due mainly to the improvement of the domestic safety situation. During 1994, more than 370,000 foreign tourists visited Peru, matching the record figure registered in 1980. It is hoped that the number of tourists this year will amount to approximately 500,000. The objective of the tourism promotion strategy is to raise the increase of the tourist inflow to more than 20 percent per year.

During the past two months, Peru became a net recipient of tourists. The trend by which the number of Peruvians traveling abroad was larger than the number of tourists coming to Peru has been reversed. The capacity tourism has to generate jobs must be pointed out. According to the World Tourism Organization, each hotel room directly generates one job and, indirectly, another three jobs in the rest of the economic field. Moreover, tourism generates foreign currency for the country. Compared to our main export goods, only fish and copper generate more foreign currency than tourism. In 1994, tourism generated $400 million, while it is expected that in 1995 it will generate $600 million. By the year 2000, we hope tourism will generate no less than $1.2 billion.

Tourism's legal framework includes a series of measures that make it possible to predict a promising growth in this field. Let us not forget that Legislative Decree No. 780 is in force. According to this decree, hotels built in Lima are exempted from paying minimum income tax for two years and those built in other parts of the country for five years. As a result of this measure, a total of seven new hotels, demanding an investment of approximately $300 million, will be built in the next two years. Four of these hotels are already being built. They will offer 800 rooms that will generate 3,200 new jobs. In order to further support this process, the government will propose a new tourism which will expeditiously respond to the challenges posed by the development of this field that, although possessing great potential, must be administered carefully and by experts.

Generation of Productive Jobs: Generating jobs is a task that concerns each and every one of us. We want it to be regarded as a nationwide project, as the main pillar of our struggle against poverty. The government is determined to create the necessary conditions to increase the number of jobs offered in our country. This effort that involves all sectors, public and private, is designed to allow medium, small, and micro enterprises and rural producers access to a modern market economy. The main component of a policy designed to promote productive jobs is the promotion of private investments and of productivity by creating the necessary atmosphere and conditions for the private sector to operate efficiently. Bureaucratic jobs in the state apparatus do not necessarily produce wealth. Therefore, the state's main role, with the reorganization of the Labor and Social Promotion Ministry's role, will be to generate and maintain the necessary space for enterprises to be able to grow in a competitive market as well as incentive for the generation of jobs through adjustment mechanisms for the labor market and the adjustment of jobs offered, such as training programs, labor consultancy, and reduction of costs, as well as other activities designed to provide incentive as regards the demand for jobs, including self-employment.

The macroeconomic order attained during the past few years, as well as the modifications of the labor framework made recently, are aimed in this direction. In line with this, efforts will continue to be made in the labor area within the next few years, encouraging massive participation by the private sector. The objective will be to significantly increase domestic and foreign investment, in order to create jobs, improve and modernize the productive system, increase the quality of products, and increase production and productivity indexes for the benefit of society as a whole.

Furthermore, it should also be noted that the creation and maintenance of this structure by the state — even though not directly aimed at creating jobs — will actually create a significant number of productive jobs.

Based on the premise that we will continue with fiscal austerity, the possibility of using public investment for creating jobs entails the necessary modernization of the state, so that public expenses may actually become productive investment.

This entails coordination between the state and its organs, in order to use the scarce funds in rational, consistent and opportune investments. Within this framework, we hope such investments will create as many jobs as technically possible.

To this end, we will continue to work on several projects, like the national electrification plan, the ambitious highway plan, the construction and operation of schools, minor irrigation projects, etc. All this will call for professionals, technicians, and skilled and unskilled manpower.

Small and micro enterprises are central for promoting productive activities. For this reason, and in order to support those enterprises, the government has established programs for purchasing millions of track suits, shoes, slippers and school notebooks, as well as hoes and picks. Those programs will continue.

The public sector intends to properly coordinate its actions with the private sector, for the creation of jobs. By doing this, we want to promote an overall project — bearing in mind the labor sector — seeking to efficiently couple state efforts and the needs and aspirations of the private sector.

Some 27 percent of the PEA [Economically Active Population] is made up of youths between the ages of 16 and 25, among whom the unemployment rate is 15.3 percent. For the adult PEA, unemployment runs at 7.6 percent.

For this reason, special attention must be paid to the growing demand for jobs among youths. This should not be done only for economic reasons, because this sector of the population passes on to society the worst and most lasting consequences of its own marginal situation.

To this end, we will call upon the various state and private institutions operating in this area, in order to avoid duplicating or wasting eforts, seeking to optimize the channels that will allow the youths' labor supply to meet the labor demand.

We will also promote pre-professional training within the public sector. We cannot fail to mention the successful result of [words indistinct] law, which could apply to other university careers.

The goverment will also promote implementation of the system of concessions for public services, which is provided for within the framework of our legislation. The system will be enforced in sectors like highways and transportation, tourism, energy, and others, with the subsequent creation of jobs.

Finally, the basic orientation of the self-employment program will be the creation of a subcontracting pool, that is, immediate communication channels will be opened to allow small productive units to produce the goods and services needed by mid-sized and large enterprises.

Therefore, a set of actions will have to be designed for training the interested parties, giving them the instruments for their work, and cooperating with the search for financial support mechanisms.

The Creation of a Peaceful Environment: The creation of a peaceful environment in the country should include a complex balance between the appropriate distribution of opportunities throughout the country, the security of people, the preservation of the environment, and the firm defense of national sovereignty on the external front.

Foreign Policy: Peru is starting a renewed cycle of its history, definitively breaking with isolation, rejoining the interdependent world of today, seeking excellence through a collective effort both at home and abroad.

The economic indicators of our country are internationally believed to faithfully reflect the success that Peru has achieved in its socioeconomic restructuring process.

The international community acknowledges that Peru's economic indicators fully reflect our country's success in its socioeconomic reorganization process. Therefore, the Foreign Ministry plays an important role in promoting international trade by putting itself at the disposal of the country and the business sector to allow for a greater and unrestricted access to world markets.

In addition to promoting exports, the Foreign Ministry also plays an important role in other fields, such as in attracting investments, a greater flow of international technical and financial aid, and an active relationship with international financial organizations.

Thus, the new Peruvian situation offers the necessary framework for reviewing our foreign policy. The changes in the international arena and in the domestic field do not mean we must forget to seek a definite solution to the pending problems directly related to our neighboring countries. Consequently, our foreign policy will take into account the state's activities in new foreign areas as well as issues related to the past. In the short term, we are implementing the Itamaraty Peace Declaration. As for the key issue, which refers to the conclusion of the definitive demarcation of the Peruvian- Ecuadoran border, the two parties have clearly stated their stance in the Rio de Janeiro Protocol. This legal tool, as well as the Bras-Diaz de Aguiar ruling and the norms of international law, demonstrate the solidity of the Peruvian stance concerning its sovereign rights. As for our relationship with neighboring countries, we will strengthen cooperation in order to exploit our complementation capability.

Our relationship with Chile offers good prospects for investment and trade. We are making progress with Chile in the negotiation of a broad economic cooperation agreement that should result in the lifting of custom tariffs on a significant number of products in bilateral trade and the creation of a free trade zone in the coming few years. This encourages us to continue working to complete the actions designed to fully comply with the 1929 treaty and its complementary protocol for its ratification by the Peruvian Congress.

The bioceanic integration issue is a huge project that will positively change our relationship with Argentina, Brazil, Bolivia, and Paraguay. Taking into account the great commercial potential of Mercosur [Common Market of the South], we will develop policies designed to strengthen our economic partnership with that bloc's member-countries. Moreover, taking Bolivia's landlocked situation into account, integration with this country by means of highways and trade through the implementation of the Ilo Agreement will allow Bolivian trade flow to Peruvian ports.

Peru will continue to promote its presence in the Pacific zone because in the next century this zone will become the most dynamic one on the planet. Peru's strategy seeks to strengthen our ties with Asia, the region of greatest growth in the world. This is particularly important in the cases of Japan and China, whose markets offer great possibilities to Peruvian exporters in addition to being important investment sources. In fact, Peru seeks to increase its exports to Japan by including products that are exclusive to Peru in the General Preference System. Currently, trade with Japan is very significant for Peru. It is estimated that it will amount to $800,000 this year.

Regarding the United States, we currently enjoy the Andean Preference System that allows most of our products access to that market free of import taxes. Therefore, our relationship with the United States, the main recipient of our exports, is important at a hemispheric level. In view of the important trade flow, cooperation, investments, and the political presence of its members, we will also seek to consolidate rapprochement with the European Union member-countries. Most of our products can enter the EU market free of custom tariffs, thanks to the Andean General Preference System. In this sense our strategy seeks to preserve and broaden, with longer deadlines, preferences in order to continue promoting our exports.

As for the integration processes in the region, Peru seeks to strengthen its presence in the Andean Group by eliminating distortions affecting trade and investments without excluding it from participating in other processes such as Mercosur.

Our policy will be directly related to opening our economy to the international system and to the need for a regional political accord that will increase our negotiating capacity with other blocs in the international sphere.

In the latter case, Peru's participation in the Rio Group will be significant.

Decentralization: The essential objective of decentralization is to improve the standard of living and to grant greater job, income, and educational opportunities to interior towns. Regarding this matter, Madame President, there is no doubt about this administration's political will to establish the appropriate bases for a decentralization process.

Our administration has demonstrated this intention with actions, such as when it transferred public resources from the Foncodes [National Compensation and Social Development Fund] and other social institutions to all the provinces and most forgotten towns of Peru through construction programs for roads, schools, basic infrastructure, and electricity.

According to the Constitution, decentralization is a permanent process with the objective of fully developing the country through coordinated, complementary, and balanced actions among the different government levels in a process that implies the distribution of resources and responsibilities among the different administrative levels.

Within the framework of a unitary system and decentralized administration, the executive branch will be reorganized maintaining its capability of establishing general policy guidelines, regulating sectors in the whole national territory, and gradually transferring services to local and regional administrations. This will be done under the following principles: By generating a national sustained growth model retooling the comparative advantages of the regions; by gradually expanding in the regions the opportunities and capacity of civilian society to participate in decisionmaking processes and the basic services.

According to the Constitution, the regions are made up by the initiative and mandate of the local population through a referendum. We expect the national Congress to approve a law regulating the referendum process.

Citizen security: An important factor for the social [words indistinct] and for the improvement of the standard of living of the citizenry is to guarantee the national internal security and the active presence of the state in the whole national territory. With this purpose, the government will continue its intense effort to fight the last terrorists and illegal drug trafficking. This administration will likewise intensify its actions against all levels of criminality.

The task of pacifying the country which has been one of the pillars of the past five-year period, has allowed us to reverse the sensation of discouragement and anguish that all the Peruvian people felt in face of the cruel and constant progress demonstrated by the terrorist groups.

Notwithstanding the success obtained in this field, which has been essential to build a better future, the government is aware of the fact that pacification is an effort in which we must not lower our guard.

As for illegal drug trafficking, we will continue with the national actions which allowed us to successfully dismantle drug trafficking organizations. Our actions have called the attention of the international community and helped us obtain greater international economic cooperation not only for the drug enforcement activities but also for introducing alternative crops.

Regarding the actions to improve the security of the citizens, we will continue with our efforts including the gradual reestablishment of the state presence in the whole national territory by reopening police posts and by appointing political authorities.

It is likewise essential to continue with the task of reestablishing the people's trust in the national police. This is why we are expanding police protection of the citizenry by modernizing the police equipment and by applying corrective and exemplary measures to police personnel who have acted incorrectly.

Justice: Another essential instrument for the security of the citizenry is the penitentiary policy through which we will attempt to consolidate and strengthen the accomplishments attained in the past five years. So far, we have practically managed to conclude the plan of modernizing and reequipping the infrastructure of the penitentiary institutions.

This allows us to currently have in Peru 5,000 maximum security individual or two-person cells with the appropriate infrastructure providing housing, labor, and education for 11,000 inmates — 60 percent of the prisoners in Peru.

Having overcome the problem of the prison shortage, Peru must begin a new stage to consolidate and design a new penal policy for the year 2000. Such a policy must include all the decisions that will be made within the next five years, such as designing and building modern prisons which by the end of the century will include open prisons, self-administered open industrial prisons, temporary prisons, penal agricultural family colonies, prisons for people sentenced in each of the Lima jurisdictions, prisons run by supervisors who work jointly with groups of inmates who do different jobs, and finally solving the prison administration problem by eliminating the overlap in jurisdiction between the National Police and the National Penal Institute.

Regarding the national judicial order, we are currently making a great effort to gradually systematize the laws in force so that the national judicial system is totally organized. We also plan to introduce informatics technology to systematize the laws in force so that through a coherent judicial organization we may improve legal techniques and render better legal assistance services to government organizations and private business.

The public defenders system will be implemented for special courts to ensure the right to self defense of people who cannot afford legal services. We will also promote free legal services; the decentralization of notary public duties; the promotion of alternative methods for the solution of conflicts, such as arbitration, conciliation, and mediation; and reinstate the state legal defense system.

The government is aware of the problems affecting the judicial system. It is aware of its needs and it is willing to help overcome them. Nevertheless, any action seeking to modernize the Judicial Branch must come from inside the institution which is more aware of its needs and projections.

In view of this, the Judicial Branch is drafting a bill to modernize the judicial system. This bill proposes the use of informatics in legal procedures, the building and enhancement of its infrastructure at the national level, decentralizing the courts, and training its members.

The Executive Branch will support the execution of all these programs so that, in keeping with the will of the people, Peruvians will have a competent justice system and also rely on trustworthy and efficient judicial system employees.

Within the framework of the new initiative of the administration for the defense and upholding of human rights, we will continue to investigate charges raised by international organizations by implementing an interconnected computerized system with human rights organizations handling alleged human rights violations cases.

Environment: The proper balance between socioeconomic development, the exploitation of natural resources and the safeguarding of the environment is evidence of the maturity with which a society plans its long-term goals. Moreover, this is an essential factor for improving the competitiveness of Peruvian economy at the international level in view of the demands imposed by an increasingly internationalized economy that is aware of the need for safeguarding the environment.

In this regard, one of the administration's main concerns is to promote investments and technology but always safeguarding the balance of the environment. To this end, we have established the National Environment Council which will be responsible for promoting programs in three areas: the sustainable exploitation of resources; the promotion and control of the quality of the environment; and the promotion of a national awareness to allow the active participation of citizens in safeguarding the environment. This is an issue that undoubtedly demands the commitment of all Peruvians.

In view of this, it will be crucial to promote environmental awareness in the next few years.

The modernization of the state: "The executive branch has been experiencing a silent reform process these past few years. The people have noticed this through the reduction of administrative procedures and red tape in the ministries and public offices." Nevertheless, true reform is not solely based on the elimination of red tape but on an effective and rational use of the scarce resources available by the administration. It is up to the administration to strive to achieve an optimal and constructive use of these resources to render its service to society.

However, despite having taken important steps toward defining the new functions of the public administration and those which must be conducted by private business, the executive branch lacks modern organizational structures. Moreover, the functions and duties of each government office have not yet been specified.

Within the new role of the state, we need to determine who will perform specific functions so that they will not be repeated within the organizations, thus avoiding duplication, lack of coordination, and ineffectiveness in the decisionmaking process. This implies adapting the organization of the state to the objectives and goals established by the administration. This is the basis for effectively rendering good services and establishing the infrastructure needed to develop them.

Madame President: The revision of the national budget is of great importance to achieve these objectives. It is also a powerful tool the public administration has available to exercise its new role.

This new executive branch must be very dynamic in order to make the decisions with the necessary freedom and authority to resolve certain situations. To do this, it is indispensable to rely on well-remunerated and highly qualified professionals. In view of this, the administration must be able to compete with private business to have access to the best national talents who will be entrusted with implementing the new programs of the Peruvian public administration.

A joint effort: In the address he delivered upon the inauguration of his second term in office, the president committed the government to the titanic and patient task of building a solid future for Peru. Our administration has summoned the country to set forth the productive revolution of the poor people in order to forge a democracy of free citizens and launch a new era that forecasts the rebirth of the nation on the threshold of the next century.

This cabinet over which I am proud to preside comprises a group of professionals who work as a team and who are truly committed to and identify with democracy so that during this five-year term we may truly be creative and achieve excellence, and so that Peruvians from all walks of life may participate in the great social challenge.

After having overcome the dramatic crisis of the past decade, Peru is now experiencing a unique opportunity to build a future of well-being. This will not happen overnight. It will be achieved through the continuous and patient effort of all Peruvians.

Madame President: Let us not overlook the fact that Peru is still facing serious poverty and underdevelopment problems and that it lacks the necessary resources. In view of this, we must warn people about the danger of believing that we will achieve immediate results. All of us are aware that we must make a patient and constant effort, and that our work should aim to make Peruvians feel that each day is better than the previous one.

Although it is true that much has been achieved, much remains to be done. This is why we must join and concentrate our efforts in those tasks that are more urgent.

Madame President: We are convinced that the task of building a new Peru and leading it through the path toward development, modernization, and justice will only be achieved with the participation of all Peruvians. All citizens without exception must join forces to achieve this task regardless of their points of view, profession, religious creed, or ideology. Some of us have been entrusted with being in the cabinet; you have been entrusted with legislative work. The tasks and duties are different but we share the same responsibility and both of us, together with society, will strive to achieve a fair, integrated, solidaristic, and developed country.

Consistent with our objectives and firmly convinced that we will achieve a better future for our fatherland, we request this honorable Congress to give us a vote of confidence.

Thank you very much. [applause]

Venezuela

Caldera Discusses Regional Development

PA2608213395 Maracaibo PANORAMA in Spanish 23 Aug 95 pp 4-6

[Report on interview with Venezuelan President Rafael Caldera by Orlando Galofre Amador at the Presidential Palace on 22 August]

[FBIS Translated Text] Caracas — Twenty-seven years after becoming the president who built the largest amount of infrastructure in Zulia Department in its long republican history (during the five-year period that started in 1968), Rafael Caldera — with unconcealable pride — is still pleased that he is remembered there with special attention and gratitude.

It was precisely in the capital of Zulia — 171 days ago — that he got the thrust needed to reach the pinnacle of the legislative branch in the shortest election of the past 35 years, in which the people understood his "response to the crisis."

Today, for the third time — the second official visit since he took office — he will return to Zulia, to fulfill his promises for transforming the region — which has petroleum, coal, and other natural resources — into a pilot state, a model that Venezuela has always longed for.

Along with his ministers, Caldera will participate in ceremonies to mark the sesquicentennial of Rafael Urdaneta's death, thus turning Maracaibo into the country's capital for eight hours. This is his way of thanking Zulia residents for their love, which the president has in one way or another returned on previous occasions.

The president turned the slogan "Let Us Tackle This Task in Earnest," which Zulians have traditionally adopted as their battle hymn when they are determined to achieve a goal, into an invaluable instrument to show national strength.

This occurred in one of the three of a total of five electoral campaigns that he has waged in the political arena.

In 1968 Rafael Caldera closed his lengthy speech before thousands of followers in what is known today as Libertador Avenue in the Zulian capital by urging his fellow party members to complete the country's reconstruction.

"Let Us Tackle This Task in Earnest" was the phrase that resounded throughout the nation.

His fame as an international speaker was supported by his regional jargon, and he used this as a shield to open his way into every corner of the country that he visited during electoral campaigns. Thus, Zulians view him as one of their own, and this was reflected in the elections in which he participated. He has never lost there. Local results attest to the spiritual marriage between the leader and the masses.

We Have Enjoyed Peace Despite the Crisis

Dressed in a plain olive green suit matched by an English-style necktie, the president agreed to meet with the PANORAMA journalist this morning on the eve of his trip to Maracaibo tomorrow (23 August).

The interview took place at his presidential palace office minutes after, according to the morning minutes, he had met with Finance Minister Raul Matos Azocar (1030), Interior Minister Ramon Escovar Salom (1100), and Justice Minister Ruben Creixems (1130). The journalist of this newspaper was scheduled to start at 1230, but the interview extended past the allotted time, because of the enthusiasm with which the president greeted each question posed. That has always been the case, and this was not an exception.

"My love for Zulia remains intact. We are facing a serious situation, and the fact that many compatriots have not realized how serious it has been, is to a certain degree a triumph of the government, because we have maintained normalcy and peace amid circumstances that would have produced a catastrophe in any country."

He then explained that the collapse of most banks within a crisis of the financial system that experts consider to be the worst in the world in terms of the country's GDP is in itself a decisive element of the situation he encountered when he took office, "because we are still paying the consequences of this, and we have had to make great sacrifices to save millions of savers and depositors, who would have been left penniless, to prevent the disappearance of the banking system, and to avert a maxi-devaluation or hyperinflation such as those experienced by sister countries to the south, where the situation was perhaps not as serious as ours."

"What I Have Given Zulia Nobody Has Outdone"

Regarding Zulia, the president is convinced — and he continues boasting about it with pride — "not only did we do all we could in my previous administration (the five-year period that began in 1968) — which was a lot and no subsequent administration has done better or even come close, but also, and this is something I do not want anyone to forget, I — through my own initiative — granted to the Zulia Development Corporation (Corpozulia) the concessions for the coal mines, something that did not just yield immediate benefits but also a periodic steady income, which makes Corpozulia more prosperous than the other corporations that exist in Venezuela."

New Banco de Maracaibo

[Galofre] Mr. President, what is going to happen with Banco de Maracaibo?

[Caldera] Banco de Maracaibo was an institution that represented a great deal to Zulian life, and we want to rebuild it. It will no longer be the old bank of Maracaibo that has been spruced up and restored, but a new bank of Maracaibo that returns to Zulia confidence in its own institutions. During the Council of Ministers meeting we will hold in Maracaibo (today), the finance minister will give a report on the work to rehabilitate the Banco de Maracaibo that will meet Zulia's emotional need and will serve, as the defunct institution served in its better days, all sectors, big and small, of the state and regional economy.

[Galofre] Will this be one of the announcements to be made tomorrow (today) when you make an official visit to Maracaibo?

[Caldera] "Certainly."

"We Will Finish the Baralt Theater During My Mandate"

Every year, Zulia is allotted a budget for six major programs. But in 1996, there will be — going by the Zulia bloc in the National Congress — a deficit of 12 billion bolivares. For that reason, highly important projects will not be executed. These projects are: a) the Zulia prision despite all the problems of overcrowding familiar to everybody; b) the Zulia Modern Arts Museum; c) the "Lia Bermudez" [not further indentified]; d) the remodeling and inauguration of the Baralt Theater. All of them are development projects. When the president was asked about all these aspects, he leaned forward in his chair, as if trying to find someplace on which to rest his arms on the spacious mahogany desk and replied rapidly and succinctly:

"With respect to the prison issue, we currently have an initiative on the way which is quite positive and which I believe will be vital: The legislative and executive branches have reached an agreement aimed at establishing an autonomous institute that will be responsible for financing the construction of several penitentiaries. This institute will be authorized to sell off real estate located in the center of some of the country's main cities. Even though this real estate is a real embarrassment because of its current condition, it still has tremendous commercial potential, since it can be transformed into modern buildings. The funds obtained from selling off this real estate will be used to build new prisons that will be situated at a reasonable distance and in the outskirts of the cities. Each of these new prisons will have a sufficient amount of open field so that the inmates will be able to grow vegetables or other crops. These new prisons will not only be clean and have tight security measures, but also at the same time offer the inmates relief from the overcrowding they are currently undergoing."

"As relates to the Baralt Theater, we must undertake a tremendous effort to complete this project, and this is one of my objectives. You may well recall that during the past administration the building housing the Art Center was about to be completed and several youngsters working on my campaign staff decided to stick a large poster on the building that said something like: This Center Was Completed by Rafael Caldera. I believe we will have to undertake a tremendous effort so that something similar can take place with the Baralt Theater."

Railroad Plan for Zulia Completely Ruled Out for the Moment

One of the state of Zulia's oldest and most longed for dreams is related to a railroad plan that will join the city of Maracaibo to La Fria and enable the transshipment of agricultural goods. However, all of the previous administrations have excluded this project from their respective government programs. When President Caldera was asked about his reasons for setting the project aside, he answered that direct investments by the state in the construction of railroads requires significant funding. According to Caldera, it is for this reason that such a project in Venezuela is practically ruled out for the moment. On the other hand, railroad lines that could be built through a concession system continue to be taken into account as part of the current government's administrative reality.

He said that "there is really no study about that. There is simply a general idea about a possible railroad in Zulia. It takes time to conduct a study and determine whether it is profitable to attract investors to compete with a concession, but there is no doubt that we should get started. This is the duty of the state railroad institute."

The Central State Has Increasingly Less Maneuvering Space

[Galofre] Zulia was allotted 2.9 billion [currency not specified] from the Intergovernmental Fund for Decentralization (Fides) between 1994 and 1995, but it has so far received nothing, and this has prevented the decentralization of, among others, the health sector. What is your opinion?

[Caldera] "The Fides is like an additional allotment created for the states, and the truth is that the central state has increasingly less manuevering space. There is the service on the debt, the constitutional allotment, the Fides, and huge bureaucratic commitments. The absurd rumor spread around these days was that 750,000 public administration employees will be dismissed, and some have tried to promote strikes, although this rumor was denied categorically. Fides is currently on hold [atendiendo una consideracion] because a decree already existed when we took office, but the board of directors established by this decree did not. By the way, this decree has many mistakes that should be corrected."

When asked about the differences he has identified between his first presidential term and the current one, the president replied without thinking twice: "As for Zulia, my affection remains unchanged, and I still believe that it is the most important region of Venezuela, which deserves all our attention and consideration. The differences are that we found an unsettled central state, a completely anarchic public administration, many commitments that were acquired without taking into account whether they could be honored, and to top it all, the central state has increasingly less power. Regional governments, with all their limitations, are much better able to meet the needs of the people than the central government."

Half of the Budget Is Already Committed

Gustavo Tarre Briceno, a Social Christian parliamentarian and staunch critic on economic matters, pointed out in a recent article that the restructuring of the budget planned by Finance Minister Raul Matos Azocar is absolutely irreverent. He added that at present the government and the minister should actually open a dialogue to analyze all financial problems.

Tarre Briceno said that investment programs in Colombia, Ecuador, and Chile are in keeping with the development trend. Venezuela, he added, is behind those countries. Even behind Asian countries that have a 35 percent investment rate. This led the Matos Plan to failure. This issue was on the agenda of the National Governors Convention held in Valencia on 19 August.

[Galofre] Why so much confidence in that economic program of Minister Matos Azocar?

[Caldera] "The national government and the finance minister — namely Matos Azocar — are open to dialogue; they are convinced of the need to ensure that a dialogue leads to the best possible solutions. When Minister Matos Azocar said that there would be a restructuring if the budget was not approved, he was answering to a journalist who claimed that the budget would not be approved. He had to give an answer and that was his answer. The government is interested in holding talks and discussing problems. I would like, more than anyone, to give you a much larger percentage for investment, but the problem is not the identification and elimination of expenses. For the time being more than half of the budget is committed to fixed expenses: More than 30 percent to service the debt and 20 percent for the constitutional allotment. We have to comply with expenses that the Congress has unilaterally established through a number of laws, programs, and commitments. For example, the Congress issued a law to adjust the pension of retirees to the minimum salary, but this law was decreed without estimating the costs entailed for the central government, autonomous institutions, state-owned companies, and regional and municipal governments. If we are told what expenses could be eliminated we would have more resources for investments. At present the main problem facing Minister Matos Azocar is how to collect the resources needed to meet unavoidable expenses, many of which are established by legislative branch initiatives."

The National Problem of Insecurity

The problem of insecurity, a banner that was the mainstay of the president's electoral campaign, could not be absent from this debate. When reminded that the wave of assaults is "a daily occurrence not only in the country, but also in Zulia," the president referred to that issue in the following terms:

[Caldera] "The crime phenomenon is very serious, and the administration is aware of it. Its causes have been repeated so many times. They are mainly social causes: a number of situations in which people find themselves under living and social conditions in which the most normal thing for a youngster to do is to fall into the clutches of crime. Add to that the presence of drug trafficking, which until recently did not exist in Venezuela except for transshipment between the drug-producing countries and the drug-consuming countries. Currently, drug consumption has increased in Venezuela and that consumption which is called drug peddling [buhoneria de la droga], that is, retail drug consumption, truly has tragic consequences for those who continue to sell, resell, and retail the drug, and who fall into the hands of drug traffickers.

"Now, the fact that four soldiers were shot while attempting to hold up a bus — such as occurred in Caracas on Saturday morning — is shocking. It is an indication of how widespread the danger is when citizens who were formerly in military service and received military training to respect and uphold moral principles, discipline, and conduct, also fall into the maelstrom of crime."

At this point, President Caldera remarks: "I want to tell you something. One of the measures the Caracas Metropolitan Police Force recently took, which I hope that the principal areas in metropolitan cities in Venezuela will adopt, is the creation of a motorized brigade to respond quickly to calls regarding criminals made from locations which would otherwise not have been attended. These motorized brigades were alerted to what was occurring in the bus being assaulted. They arrived and did their job. Unfortunately, a number of precious lives were lost, but that is a consequence of crime, and the fatal result of an armed clash with the police."

"My Administration Is Not an Administration of Political Parties"

President Caldera's first presidential victory caused the demise of the so-called coalitions: The Punto Fijo Pact, Wide Platform [Ancha Base], and the rule of political parties began, in which the president of the Republic reserved the right to choose his cabinet, not always to the liking of the political organizations. Shortly before his victory in 1994, President Rafael Caldera discarded an alliance with AD [Democratic Action Party], and even less an alliance with COPEI [Social

Christian Party]. However, on Saturday, in the Regional Convention of the State of Miranda, Caldera's son, Juan Jose Caldera, national coordinator of the Convergence Party, implied — although nothing existed in writing — the possibility of accepting a political alliance with the AD in December's elections.

When asked about his views on a possible union between the two organizations, which would allow the inclusion of an AD members in the current cabinet, President Caldera points out that "the 1994 campaign was typified by a lack of party coalitions [apartidismo], better said, as a convergence of minor parties called the 'Chiripero' to establish an administration that would be free from the permanent control of political parties and their clientele. That is not occurring in my administration. I must not, and I cannot act like a political party leader, and my administration is not an administration of political parties."

Later, he adds: "If you examine my cabinet, my cabinet has varied origins. The first interior and foreign ministers were persons renowned in Venezuelan politics and often were in the trenches opposite me. If you examine it, you will see that I have a number of people who have been included because of their ability, and I have certainly included very young people. Someone remarked that I should turn over the government of Venezuela to 40-year-old persons. The truth is that I have in my cabinet people who are in their 40's. One of those ministers — whom I referred to as having been unjustly criticized — is the justice minister, who is under 40. I would like to show how the different teams in the administration, in general, have been formed. I could point out this fact which you might find interesting: I renewed the Board of Directors of PDVSA [Venezuelan Petroleum Inc.] — the most important government company in Venezuela, in the private and the public sectors. I appointed young people there. Of course, they were persons who had been in the electoral campaign, in organizations different than mine, because in my consideration as to who should be a part of my administration, I have not been guided by whether he was or was not with me during the electoral campaigns."

I have just appointed young people to the Venezuelan Guayana Corporation to strengthen its personnel and keep my word of being like an aircraft carrier leading our young citizens toward the country's highest goals. There are no posts in my government filled by political engagement. My government employs all the people that I believe are fit and useful to the country. Nobody can question the fact that there was a political party or several parties giving me their support during the electoral campaign, and that they have firmly supported my government. This is something anyone would want. However, I do not deem it convenient— and I do not believe the parties would like it, either—to choose officials or cabinet members from specific political parties."

The Constituent Assembly Is Still a Mirage; After Four Years It Has Not Solved Colombia's Problems

The fact that the national electoral campaign, scheduled to end in December, is so close has triggered much speculation. Nobody seems to believe in political parties anymore. According to experts, sooner or later the president will have to summon a constituent assembly for 1996. Additionally, according to the experts, this will result in the downfall of party organizations. The experts also predict an absenteeism between 85 and 90 percent.

[Galofre] What is your opinion?

[Caldera] "I believe in the need for a profound constitutional reform. An impeachment referendum should be included in the constitutional reform as a very necessary institution. In other words, from the president, members of congress, down to all officials elected by vote should be removed from their posts by the people's will. The summoning of a constituent assembly continues to be a mirage. Many people here were optimistic when they learned that Colombia had started a constituent assembly. I would like to ask them now after four years, if the Constitution adopted by means of a constituent assembly and the assembly itself have solved political ailments of the neighboring country. I believe it is necessary to seriously adhere to the requirements and establish adequate procedures. What we need to do is exert pressure on the public so that Congress will not delay the constitutional reforms the country needs. These reforms could be created following the procedures established in the current Constitution. One possibility would be their ratification by means of popular referendum. In this way, Congress could offer the country a more clear, firm, strong, and constructive solution, that will be less risky, instead of summoning a constituent assembly which would require defining its functions and scope of authority. [no closing quotation marks as published]

Aid From Church Is Expected With Its Teachings To Fight Corruption

Throughout the past years, the president has taken corruption as a banner and a shield in all political activities in which he has participated. For example, during his first official trip abroad in December, at the Summit of the Americas in Miami, his proposal to fight this world problem was approved and included in the agenda by 25 countries.

Nevertheless, on Sunday, the new Caracas Archbishop Ignacio Velasco told reporters that "corruption continues to advance in all national sectors, creating the collective belief that any smart act is valid in order to get profits."

Regarding this matter, President Caldera said:

[Caldera] "We must understand Monsignor Velasco, who is a man of great personal, intellectual, moral, and patriotic qualities, when he says that this is not an occasional evil, it is something that has become part of Venezuelans' way of life. Msgr. Velasco knows we are fighting against corruption and we rely on his support and help with his sermons, which are necessary to reduce and eradicate this problem in our country. [no closing quotation marks as published]

2.146 Billion [currency not specified] Spent Equipping Neighborhoods and Houses During the First Year in Zulia State

When replying to statements by Monsignor Velasco, the president was interrupted so as to receive from OCI [Central Information Office] Minister Guillermo Alvarez Bajares a small note with specific details on the reports we had requested from the president at the beginning of the conversation regarding works done and not done in the Zulia region.

With his usual diplomacy, the president requested "a break" to ask the journalist "the favor" for this to be included in the topics. In this regard he said: "The program to equip Zulia encompasses 47 neighborhoods with an investment of 2.146 billion [currency not specified]. This corresponds to the 1994-95 program. In the housing program, the Urban Development Ministry is constructing 2,598 houses representing 2.739 billion bolivares in 12 Maracaibo neighborhoods. The Inavi [National Housing Institute] is building 1,860 houses in 16 neighborhoods with a 1.638-billion bolivar investment. The Fundabarrios [expansion not known] is building in three years 10,000 houses in Maracaibo, Cabimas with a 3-billion bolivar investment.

"I Have Reduced to a Minimum My Obligations Abroad as Head of State"

The topic of international politics could not be left out. We asked the president about criticism from political adversaries on the excessive number of trips abroad (10 in one year), which according to these same critics contradicts what he said on the same topic two years ago about Carlos Andres Perez, who was president at the time. We told him that other groups seemingly justified these trips simply because they achieved praiseworthy purposes. In Miami, a Venezuelan petition managed to be included on the point dealing with the Agreement of 20 Presidents of the Continent (The Struggle Against Corruption); and recently, in Port of Spain, he got Guyana President Cheddi Jagan to agree to talk with him to again bring up — after 30 years — the topic of Essequibo.

In this regard, the president, after thanking us for the question because it allowed him to clarify many things, began by saying: "The question of the presidential trips is very important. I would like to leave on record that I have reduced as much as practicable my presidential trip obligations. For example, I was invited to the swearing-in of Mexican President Ernesto Zedillo and I could not go. I could not go to the swearing-in of Argentine President Carlos Menem, and I was unable to go to Brazilian President Cardoso's swearing-in. I could not go to President Figueres' of Costa Rica. I was unable to attend President Calderon's in El Salvador, nor could I go to Eduardo Frei's swearing-in in Chile. Even for important events such as the Social Summit in Denmark, which the UN secretary general said he hoped I would attend because it was about fighting poverty, my favorite topic, I could not go."

"I was also very insistently invited to the Group of 15 meeting in India because with the president of Venezuela failing to attend twice in a row it means that our country will not be a member of that group at the next meeting. There are a series of obligations that required my attention that were mentioned. In most of them, I complied with these obligations in the least time possible. For example, the swearing-in of the president of Panama, for certain special reasons that I will not mention now, I felt obliged to attend. I went in the morning and came back that afternoon. To Colombian President Samper Pizano's swearing-in, I went in the morning and came back that afternoon. To the Cartagena de Indias Summit, Colombia, where the Association of Caribbean States was formed, I went in the morning and came back that afternoon. I spent a little more time in Brazil because I President Franco, who had already visited me in Venezuela, invited me to accompany him to celebrate Brazil's national independence day and from there I went to Rio de Janeiro to attend the Rio Economic Summit. My visit to Italy took a little longer because the pope set the audience for Friday, 5 May and the beautification of Saint Joseph's Mother Mary was on Sunday, 7 May and I returned on Tuesday."

"Other trials, or trips abroad which I have had to make, lasting more than two or three days, were trips to the Miami Summit in which you, as a reporter, accompanied us, and the visit I made to the United Nations in New York where I remained three days. These things, without a doubt, must be considered, and we could use the old saying: neither here nor there. I cannot constantly be flying, nor can I deny the presence of Venezuela in some meetings in which the truly important things occur."

For the First Time in 30 Years Guyana Has Agreed To Discuss the Essequibo Issue With Venezuela

When he refers to his trips, the president cannot hide his satisfaction over his interview with his Guyana colleague Cheddi Jagan.

He says: "We had been saying that Venezuela had a pending claim with Guyana: We want general negotiations, that is, that all pending matters be considered without excluding any issue, because there has been a tendency in recent years to deal with numerous issues regarding cooperation and help in other areas and to push aside the territorial issue. Now — and in this I want to be very precise — what has been accomplished is the beginning of talks on that issue, which was denied for 30 years by the Guyanans, because each time we sat down to talk about this issue they would say that you Venezuelans have to start by showing us that the Laudo de Paris is null and void, as was established in the Geneva Agreement. We could not budge them from that position. Now, they admit there are new possibilities, new ideas, to seek solutions for something so delicate and difficult. But the main fact is that for the first time they acknowledge the possibility of talking about an issue that is very significant for our nation."

Only Through Dialogue Will the Conflict With Colombia Be Settled

Another issue which has maintained Venezuela's attention in the exterior through approximately 50 years of discussions and analysis is the conflict regarding marine and submarine areas with Colombia, the other border area which has attracted such attention and raised such controversy during those years.

This time, President Rafael Caldera refers to the same issue. However, he explains that the comments which have been made by the media have not been as true as they should be. Regarding this he maintains: "There is a wrong interpretation of the news regarding the meeting of the commission which is talking and negotiating about the issue of the delimitation of marine and submarine areas. In reality, a commission was designated in Venezuela made up of three representatives of the principal parties that were in Congress. The members at that time were its president, Reinaldo Leandro Mora, who was also president of the Democratic Action Party, Hilarion Cardozo, president of COPEI, and Pompeyo Marquez, president of MAS [Movement Toward Socialism]. On its side, Colombia had three representatives of the Liberal Party, the Conservative Party, and the 19 April Movement, which is equivalent to MAS.

"During my presidency we spoke with President Gaviria, and later with President Samper, and we admit that it would have benefited the two countries to have designated one more, but maintain the Negotiating Commission as planned, which has carried out the negotiations on very wise, prudent, discreet ground. Then, Senator Jose Oropeza Ciliberto was added for Venezuela, and Colombia, in turn, named a fourth member. At this time there has been a continuation of the conversations. However, just to use your word 'reinitiate,' it is as if a new direction was being taken."

Caldera remarks, Venezuela has always held the thesis that this is an issue which should be resolved through dialogue between the two countries and on that position we are perfectly clear.

The Serious Situation in Colombia Need Not Have Repercussion in Venezuela

The Colombian situation was also analyzed during the interview granted to PANORAMA. As our neighboring country and as it has been tied to our country throughout history, everything that happens there is of interest to our national governments.

However, President Caldera does not believe that the current crisis the Samper administration is experiencing — Samper has been publicly asked to resign to facilitate the investigation and the trial of his former defense minister — has any relation to or any possibility of occurring in Venezuela.

[Galofre] Do you not believe that the Colombian crisis could represent a warning for our country?

[Caldera] The situation in Colombia is of concern, most of all because we are countries that are very linked, and anything that happens in one affects the other. However, in this particular case I do not believe the situation will affect us. In no way were they affected by what took place in Venezuela with President Perez and President Lusinchi. At least these situations did not cause any problems to our neighbor country and what is taking place there now should not affect us."

Relations With Fidel Have Improved

Of all his trips abroad the president seems to cherish memories of the trip to the Port of Spain summit the most. He has already spoken quite enthusiastically about his talks with his Guyanese colleague, and the meeting with Commander Fidel Castro also seems to be well remembered. He himself describes it as follows:

[Caldera] "Of Fidel Castro I hold a very positive impression, very cordial. Relations between both countries had been a bit tense during the past weeks because of various circumstances, and it was quite pleasing to first receive the visit of Foreign Minister Roberto Robaina in Lima with a personal message from President Castro. This first contact was followed by the meeting in Trinidad which was very pleasant, and where both of us were perfectly aware of each other's position. We were able to validate a cordial relationship and the feature that, over and above all differences, we are brother countries who must work for the wellbeing of Latin America."

Uslar Pietri's Writer's Temperament Does Not Situate the Country in Its True Reality

The president did not want to end the interview without referring to three specific cases that had held his attention: recent statements by writer Arturo Uslar Pietri, the events in Barquisimeto with the Convergence Party, and former Commander Francisco Arias Cardenas.

Pietri contends that the current crisis — the worst in Venezuela's history since colonial times — will not be so easily overcome. He adds that President Caldera's integrity is not enough, and that government expenditures must be cut by eliminating unnecessary ministries just as Colombia, a country immersed in a worse situation given the guerrillas and drug trafficking problem, has been able to do.

In this respect, the president responds to the three issues as follows:

[Caldera] "With respect to Dr. Uslar Pietri, he is a person whom I respect very much and with whom I have a personal friendship. I understand his concern and apprehension on account of the situation Venezuela is going through. It is quite possible that because of his temperament and vocation as a novelist he tends to create dramatic features, probably surpassing limits established by reality. What Dr. Uslar Pietri is proposing is not solutions. In general terms, what he has proposed are ideal solutions to solve theoretical problems, but difficult to apply in the real world."

Sacrifices Demanded by Uslar Pietri Not Even He Would be Able To Bring About

[Caldera] "I am not sure how the proposal to eliminate some ministries would constitute a salvation to the country. The recommendation to suppress subsidies to all state organizations in the cultural field and social action, I believe that not even he would be capable of authorizing it if he were recommended specific cases. The proposal to pay the tuition of all students is a necessity that will arrive sometime soon, but the way to go through it is not by means of abrupt impositions. Therefore, there are some aspects in which his desire to solve the current situation leads us to proposals that could hardly be implemented in reality."

Convergence Does Not Have Government Support

[Caldera] "Regarding National Convergence, it is not a movement that I created in the electoral campaign. It emerged from a group of youngsters who wanted to found a movement called 'Youth With Caldera.' It was started by my son Juan Jose, who is a senator for the state of Yaracuy, with the highest vote in the state, who was governor, and has served in Congress for more than 20 years, first as deputy and later as senator. He was invited to form that organization as part of his tasks. No one can stop him from campaigning. I know that it is perfectly normal that he be attacked. I believe that in the end all of us who have fought have at some time been victims of harsh attacks. After I stuck my head out the first time in political struggle while still a student, I was the target of all sorts of attacks, many of them of a personal nature, and still, at my age, I am not spared, and they are beginning to be personal."

He Guaranteed the Other Parties Respect for the Elections and a Clean and Transparent Process

[Caldera] "I can say that for the time being National Convergence has no government support other than the moral support by all who want to respond to the needs and support the government that I head. Now, I do believe — and this is a serious and cold analysis — that Convergence benefits from the fact that I have offered support to the idea of national unity and solidarity that the government upholds. I also guarantee all parties the greatest respect, the greatest consideration, and the fullest guarantees for December's electoral process." And I remind Messrs. Governors that they are the first ones responsible to guarantee within their respective jurisdictions the clean and transparent electoral process that all Venezuelans wish and demand." [quotation marks as published]

"Colonel Francisco Jose Arias Cardenas is a worthy person. We had him in my government as a main PAM [expansion unknown] agent, and he stepped down to enter politics. He, as well as anyone else who hopes for any high position, will have from us all the guarantees and respect that a citizen deserves."

Many thanks, Mr. President.

Guyana

Government Calls For Assistance To Fight River Poison

PA2408123195 Mexico City NOTIMEX in Spanish 0041 GMT 24 Aug 95

[FBIS Translated Text] Georgetown, 23 Aug (NOTIMEX) — The Guyanese government today asked the international community for help to control the toxic spill on the Essequibo River basin, on the border with Venezuela, as a result of a crack in a gold mine dam.

In a message to the nation, Guyanese President Cheddi Jagan asked the international community to help his country control Saturday's cyanide spill in the Omai mine, which is owned by the Canadian enterprise Cambior.

Jagan said he would use all means to face the "ecologic and economic disaster" caused by the mine leak, which threatens to contaminate the drinking water of 18,000 people.

The ecologic accident, which the president has characterized as the most serious in his country's history, will cost Cambior approximately $22 million, which explains the shares price drop this Montreal based company has suffered in the stock market.

Yesterday the president described the contamination of the river as one of the most serious damage to the ecology of the region and cautioned that it could harm the region's plant and animal life.

The president noted: "It is obvious that this episode will seriously affect the country's economy because gold mining is essential for our development."

The firm said Wednesday that to prevent the cyanide from reaching the Omai River, which nurtures the Essequibo River, it decided to divert its flow toward the mine, which was flooded and now cannot be exploited for the next three months.

Guyana government experts have begun evaluation and cleaning work in that remote area inhabited by Indians. The authorities have arranged for drinking-water tanks being sent to the region and have ordered the installation of Army control posts to watch contaminated areas.

UN spokesman Fred Eckhard has estimated that the toxic material could have already contaminated 1.25 million cubic meters of water and noted that the regional branch of the World Health Organization has sent an expert to the region.

The Omai Mine in Guyana represents 45 percent of the gold production of Cambior, one of Canada's most promising gold mine enterprises, with major investments in several Latin American countries.

Parliament Orders Investigation Into Cyanide-Waste Spill

FL2508213995 Bridgetown CANA in English 1751 GMT 25 Aug 95

[FBIS Transcribed Text] Georgetown, Guyana, Aug 25, CANA — The Guyana parliament Thursday passed a resolution preventing the giant Omai Gold Mines Limited from resuming operations in the wake of a cyanide-waste spill that dumped millions of gallons of dangerous chemical into the country's largest waterway.

In one of the few instances since the People's Progressive Party/Civic (PPP/Civic) government assumed power in October 1992, the opposition parties supported the administration.

In effect the political parties agreed that the commercial operations of the firm will remain closed to facilitate a clean up, an environmental audit and the work of a commission of inquiry.

The 65-member parliament late Thursday night unanimously passed the resolution which said the operations of the majority Canadian-owned gold mine will only be allowed to recommence, "on the basis of an examination of the recommendations of the commission of inquiry and the environmental audit".

Officials at the mine site Thursday told reporters that the breach in the tailings pond that caused cyanide effluent to begin pouring into the Omai and Essequibo rivers on Saturday night, had been sealed early Thursday morning and that no more waste was getting into the river.

Parliament, however called for the establishment of a commission of inquiry to determine the causes leading to the "disaster" and recommend preventative measures and modification to be undertaken by Omai to minimise the exposure to the environment if unexpected, unforeseen events occur.

The motion moved by the government official responsible for mining, Prime Minister Sam Hinds said that Omai must bear full responsibility for the massive cyanide effluent spill and the costs to rectify the situation.

On Thursday at the mine site some 150 miles south of the capital in the Guyana jungle, a top official of the company refused to describe the Omai spill as an environmental disaster.

"Clearly, Omai has suffered from a major industrial accident and our president, Mr. Louis Gignac will be holding a press conference on Monday to deal with this matter fully," Omai General Manager Rejean Gourde said in a prepared statement.

"We are, however, convinced that this accident has not resulted in an environmental disaster, and we believe that the fact (should) be fully presented and truthfully reported," he added.

The Omai boss contended that there was ample evidence to show that total cyanide readings on the Essequibo river, "are being rapidly reduced and were always well within the minimum drinking water safety standards of Canada for human consumption".

However, the Omai statement contradicts a statement from the ministry of health which said the water should not be used for drinking.

A physician contracted by Omai, Dr Michael James, suggested to reporters who a short time before had seen the dirty purplish-brown waters of the Essequibo river on the way to Omai by air, that residents could filter the discoloured water before drinking it.

Omai officials also continue to insist that they have seen no dead fish or dead animals along the Essequibo river.

"About 300 dead fish were found in the Omai river exactly at the point of highest cyanide concentration where the waste escaped from the tailings pond into the Omai river," James told reporters.

And a senior government official has reacted sharply to claims by Omai that millions of gallons of cyanide waste escaping to the Essequibo river did not amount to an environmental disaster.

"It is an environmental disaster. How can they say it is not a disaster when cyanide is in a river that is the source of drinking water to thousands of people and fishes have died?" environment adviser to President Cheddi Jagan, Navin Chanderpal asked.

"If fishes have died, the fact is that other species would have been affected seriously and the balance in the ecosystem would be disturbed," he added.

Health Ministry: Two Cases of Suspected Cyanide Poisoning

FL2808001595 Bridgetown CANA in English
1832 GMT 26 Aug 95

[By Courtney Jones]

[FBIS Transcribed Text] Georgetown, Guyana, Aug 26, CANA — Despite the fact that nearly 3 and a half million cubic metres of cyanide-laced effluent from Omia Gold Mines have flowed into the Essequibo River after the spill last Saturday night, Guyana's Health Minister Gail Teixeira has been talking of "encouraging" indications from tests of the river water. Teixeira echoed claims by Omai top executives and experts during a news conference at the mine site last Thursday that she had no reports of dead fish from the Essequibo, adding a claim also stated by Omai that dead fish found in the Essequibo River washed down from Omai River where concentrations of cyanide from the tailings pond were the highest.

Residents along the river and miners had reported seeing scores of dead fish and a number of wild hogs floating down the river. Others had spoken of seeing alligators and caimans (a type of crocodile) leaving the rivers for dry land. Bartica residents some 90 miles along the river from the Omai Mine site since Wednesday have reported seeing dead fish floating in the waters off the mining community of about 18,000 people. Omai officials confirmed Friday that the breaches from tailings pond were sealed and according to the health minister, the Essequibo River showed signs of returning to normal.

"There are indications that the river water is getting back its normal colour, and we can assure residents along the river that the red colour of the water is not due to cyanide but to discolouration caused by a type of clay (saprolite) from the tailings pond and the dam," Teixeira said. "So far we have had no reports of cyanide poisoning in humansm" Teixeira said.

However, Health Ministry sources told CANA Friday night that two persons from communities along the Essequibo River had been admitted to the Bartica Hospital with suspected mild cyanide poisoning. Chief medical officer, Dr. Edward Sagala, said that the persons had suffered from cramps and nausea and that the symptoms "were non-specific, meaning that they could have been indications of other ailments besides cyanide poisoning."

Residents of Bartica, a community which relies almost exclusively for its supplies of potable water from the river, are becoming increasing angry with efforts by the government to handle the situation. Friday, scores of people marched through the streets of the town shouting, "It's a cyanide fall not a spill," and carrying a child's coffin and placards.

Saturday's state-owned Guyana CHRONICLE stated that the water in the Essequibo River was "deeply red-stained" from the cyanide effluent that had transformed the dark coffee-coloured waterway. Regional Chairman Brentnol Archer roundly criticised the government for not deploying the Army to help the regional officials cope with water distribution in the town.

"Where is the Army? They should have been here to help wth this project... We have some basic problems and we can't, on our own, supply the needs of the people," Archer told reporters. He noted that the regional administration was "trying hard to avert a panic in the community" and added that some communities along the river had not not been given assistance in terms of potable water and that he was still trying to send in supplies delivered to Bartica from Omai. Residents at Bartica told CANA by telephone Saturday that the price of beef and fish has risen substantially since reports of the spillage at Omai. Prior to the spill, chicken sold for 116 Guyana dollars per pound and beef 100 Guyana dollars per pound. Chicken is now selling at 150 Guyana dollars per pound and beef 116 Guyana dollars per pound.

Trade Minister Criticizes Barbadian Seafood Ban

FL2508214295 Bridgetown CANA in English
1904 GMT 25 Aug 95

[FBIS Transcribed Text] Georgetown, Guyana, Aug 25, CANA — Trade Minister Michael Shree Chand Thursday roundly criticised Barbadian authorities for slapping a ban on Guyana seafood following a major spill of cyanide effluent from the Omai gold mine site into the Essequibo river, Guyana's largest waterway.

"This ban is considered to be most unfortunate and undermines the very concept of regional integration. It demonstrates that governments will take actions without establishing any contacts to determine the exact situation," Chand told CANA during a telephone interview.

On Thursday Barbados' Chief Medical Officer, Dr Elizabeth Ferdinand, told CANA a decision, based on reports coming out of Guyana, had been taken to ban seafood imports from Guyana.

Minister Shree Chand, who referred to Jamaica's ban on seafood from Guyana in late 1992 early 1993 during a cholera outbreak here, said the Barbados move, "is another case in point and does not auger well for the Caribbean integration movement".

"All attempts to establish contacts with the Barbados governmental authorities have proved futile so far," the government minister charged.

This statement appeared to contradict statements by the Barbados health official Thursday that she had received no word from the Guyanese authorities.

Chand said that his ministry, "will continue to monitor very closely such arbitrary actions that jeopardise the exports of other sister nations, particularly in view of the fact that such actions cannot withstand the scrutiny of substantial evidence".

He reported his ministry was working with the local health ministry, the office of the prime minister, the office of the president's environmental unit and "other concerned bodies", all of which have advised that there could be, "no threat to life from seafood at this point in time".

The minister noted exports of snapper, banga mary and butterfish to Barbados come from the Atlantic ocean, more than 150 miles from the site of the cyanide spill. " ...there is no danger from cyanide of our seafood exports to Barbados", Shree Chand contended.

Chief Fisheries Officer Reuben Charles said he had no "official word" from Barbados on its decision and pointed out that products currently exported to Barbados would have been stored before the spillage.

Cyanide Spill Protesters Charge Brutality

FL2608121595 Bridgetown CANA in English
2101 GMT 25 Aug 95

[By Courtney Jones]

[FBIS Transcribed Text] Georgetown, Guyana, Aug 25, CANA — The Working People's Alliance (WPA), in the forefront of protest action against a major contamination of the Essequibo River following a cyanide effluent spill at Omai gold mines, says it will take the police to court for, "its brutality in dealing with protestors yesterday".

"The WPA takes a very serious view of the police abuses to demonstrators outside parliament building yesterday (Thursday).

"The behavior of the police units present there has been well documented by the media so there is no need for the WPA to describe the incident. The cameras have spoken and the evidence exists," WPA co-leader Rupert Roopnarine told CANA.

Confusion broke out outside parliament building in the centre of the capital Thursday afternoon when police units stormed WPA and Amerindian organisations' picket lines protesting the spillage of cyanide waste by Omai into the Essequibo River, the country's largest waterway.

The incident reportedly started after counter picketers from Omai Gold Mines Limited carrying placards reading, "WPA is the worst possible alternative" and "Omai is important to the Guyana economy" started a shouting match. Police started to intervene claiming that the protestors were disturbing parliament and the nearby magistrate court also in session but, after they had arrested two WPA members and were attempting to remove them from the scene by vehicle, WPA activist

Karen De Souza stood in front of the vehicle. The police pick-up promptly knocked her down, in what reports from the scene described as a "near fatal accident". She had bruises to her shoulders and other parts of her body. When De Souza fell, another WPA member, who ran to her assistance was forced to jump out of the path of the police vehicle which was driven by a uniformed driver.

In the ensuing melee, WPA supporters Karen De Souza, Tacuma Ogunseye, Kidecki Amsterdam and Brentnol Holder were arrested and taken to the Brickdam Police Station.

"In order to make it clear that the WPA will insist on a regime of civil rights and human rights under any government, we have instructed those members that we can get to in time not to report to the police station on Friday morning," Roopnarine said.

Referring to the move as "a small gesture of protest", Roopnarine said the WPA is also consulting with its lawyers, "about the best way of establishing the civil rights to members". He said that up to Friday no charges have been filed against the WPA members.

A top police source, who spoke on condition of anonymity, told CANA Friday WPA supporters were warned by officers that they were disturbing the parliament sitting and sessions of the nearby magistrate courts. "They were behaving in an extremely disorderly manner and the actions the police took were quite legitimate," the officer said.

WPA co-leader Wazir Mohamed told CANA that even in the Burnham days picketers were allowed on the pavement outside parliament. "Even in the worst days of the Burnham regime women picketers were not treated this way," Mohamed said referring to reports that WPA activist and women's rights advocate Jocylyn Dow, was reportedly manhandled by police and subsequently fell out of a police vehicle.

Prominent WPA political Eusi Kwayana who was in parliament at the time of the incident, referred to the incident as evidence of brutality. "This is brutality whichever government is in power," he said, adding that it demonstrated the power of money.

Minister of Home Affairs Feroze Mohamed told CANA he was approached by the WPA and was in contact with the police to ensure that it carried out its mandate for law and order in a fair and just manner.

Canadian Company Denies Responsibility for Dead Fish

PA2608002395 Mexico City NOTIMEX in Spanish 2222 GMT 25 Aug 95

[FBIS Translated Text] Georgetown, 25 Aug (NOTIMEX) — The Canadian firm that owns the Omai mine, which caused a spill of 3.2 million cubic meters in residual waters of the Essequibo River in Guyana, denied today that this action caused the recent death of hundreds of fish.

Representatives of the Canadian Cambior company, which owns 65 percent of the mining rights, have asserted that no one has proven the cyanide caused the massive death of fishes, an incident that occurred after the spill occurred.

The toxic waste spill was an industrial accident that should not cause any major problems because the cyanide level in the river is within levels acceptable for human consumption, the sources observed.

Rejeen Gurden, the general director of the mine, said on Thursday that the ecological damage had been "exaggerated" and that the firm will continue to use the cyanide method to extract gold from the mineral extracted in the area.

A group of international experts started to survey the Essequibo River this Friday. They will determine the magnitude of the damage caused to the flora and fauna in the area.

At the request of local authorities, the United Nations is also sending a mission of investigators to the area, and it is scheduled to arrive shortly.

The Guyana Government has described the incident as the worst environmental disaster in the country's history. To avoid human damages, it has ordered people, who live in communities near the Essequibo river, not to drink water from the river.

Observers have noted that the incident will have a strong negative impact on the economy of the country, which is one of the poorest in South America, because it was trying to highlight the Essequibo's beauty to attract tourists.

OGML Plans To Continue Using Cyanide in Operations

FL2508214095 Bridgetown CANA in English 1802 GMT 25 Aug 95

[FBIS Transcribed Text] Georgetown, Guyana, Aug 25, CANA — The almost wholly-owned Canadian Omai Gold Mines Limited (OGML) has said it has no plans to discontinue the use of cyanide in its gold extracting processes despite a cyanide-waste spill that sent millions of cubic metres of chemical into Guyana's largest river.

General Manager Rajean Gourde said his company would continue to use cyanide in its operations in spite of the fact that two accidents this year caused cyanide to escape into the Omai river, a tributary of the Essequibo river.

In response to a specific question as to whether the company would cease the use of cyanide, Gourde said, "I don't think so, we will continue to use cyanide".

Pressed to look at a scenario in which government would bar the company from using cyanide, Gourde added, "I think that the only economical way to mine gold at Omai is by using cyanide".

The privately-owned Stabroek News had reported earlier this week that Prime Minister Sam Hinds had hinted that government will discuss with Omai officials alternatives to cyanide use in the wake of the spill.

Concern Expressed Over Cyanide Spill Responsibility

FL2408165095 Bridgetown CANA in English 1455 GMT 24 Aug 95

[FBIS Transcribed Excerpt] Georgetown, Guyana, Aug 24, CANA — Following is the text of the editorial in Thursday's STABROEK NEWS newspaper:

[Passage omitted] "The Omai disaster is also to be debated. Omai Gold Mines Limited must certainly be held responsible for this awful spillage of cyanidised waste into our main river which follows an accident four months ago. Either the engineers were at fault in their design or the pond was filled too high or it was affected by blasting at the mine. In any of these cases the company would be legally liable and must be called upon to take every step possible to clean up the mess and to minimize the long-term environmental damage. It can also not be permitted to reopen until the government is fully satisfied by independent advisers that any new tailings pond is absolutely safe or if that is not possible that a new, acceptable system of mining be devised. The damage from this disaster is, of course, open ended and already exports of fish to Barbados have been affected, though the fish does not come from that area. Reports indicate that government only holds a bond to the value of U.S. 1/2 million dollars from Omai to cover environmental damage. That is grossly inadequate in the situation but neither Cambior Inc. nor Golden Star Resources have shown any desire so far to shirk their responsibilities."

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